Ethical Strength Helps Produce Strong Companies

As the nation begins to recover from a prolonged recession, the worst economic crisis since the Depression of the 1930s, the debate continues: Because of a failure of leadership in the financial sector that had become focused on its own short-term profits rather than the long-term health of the economy, what can we do to produce better leaders, a different culture and a long-term focus on financial stability?

A stronger focus on ethics in our schools of business is certainly part, but not all, of the answer. As former U.S. Congressman Mickey Edwards, now vice president of the Aspen Institute, notes, the character of men and women leading our financial sector "will be formed long before they settle into those well-compensated nests."

Congressman Edwards, who directs the Institute’s Rodel Fellowships in Public Leadership, suggests that business school curricula would do better to "have a little less Jack Welch and a little more Aristotle."

"Focus more on business as a component of a community, with all the obligations that entails," he suggests.

Many of the nation’s schools of business already are emulating his advice. At the University of Maryland’s new Center for Social Value Creation, housed at the business school, Dean Anand Anandalingam emphasized in his dedication remarks that the impetus for responsibility came from students themselves, seeking meaning and social purpose in their careers.

At the Center’s opening ceremony, speaker Alan Webber, founder of Fast Company magazine, received a round of applause when he noted that companies compete most effectively for young talent by creating a workplace culture that offers employees a place where they can learn, grow and produce an impact on the world.

In a new book, “SuperCorp,” author Rosabeth Moss Kanter, a Harvard Business School professor, argues that companies that imbue their culture with a social ethic make more money for their shareholders, not only because their employees are more motivated but also because their focus on a transcendent external goal makes them less resistant to internal change.

Indeed, this civic responsibility of educating young men and women with moral constraint rests with all of higher education, not just with business programs. Ethics, a sense of community and shared fiduciary responsibility need to be inculcated across all academic programs and not just at the graduate level.

It is critical that all colleges and universities, not only the most selective, educate students in making ethical decisions in their business and public careers; our nation’s future leadership is drawn from many institutions, public and private. As Jay Matthews, education editor for the Washington Post, noted in a Sept. 21 column, four of the last eight presidents have come from non-Ivy League institutions, and a review of the nation’s 50 governors reveals an even more diverse roster.

Business and other professions abound with ethical leaders who have successfully balanced ethical choices with the bottom line, reconciling profit with the public good. As Congressman Edwards points out, there are, after all, many moral investors who continue to support such enlightened leadership. Despite lessons of recent months, though, there still are too many leaders at all levels displaying poor stewardship of stockholders’ dollars and the public interest.

As Edwards concludes, "Better leaders, better culture, better focus? Just concentrate on being better people. That'll do it."

Scott D. Miller is president and M.M. Cochran Professor of Leadership Studies at Bethany College. He is now completing his 19th year as a college president.