

## EDUCATION

BY DAVID A. KAPLAN



# MBAs Get Schooled in Ethics

*Business schools respond to the crisis by changing their curriculums. But are they just paying lip service?*

**R**OD KRAMER THOUGHT it was going to be just another dinner at the Stanford Executive Program last summer. An affable, popular professor at the business school, he had given his usual talks on influence and persuasion in the realms of politics and business. Then came the wrap-up social event. But the wife of an important corporate executive—"with the help of some wine," as Kramer recalls—lit into him "for not teaching morality to MBA students." That failure, she told him and then told him some more, was the cause of the global financial meltdown. It was an illustration, says Kramer, currently a visiting professor at Harvard's Kennedy School, of how much "disenchantment" there is about MBAs these days.

Indicting business schools and management education has become a blood sport. "If Robespierre were to ascend from hell and seek out today's guillotine fodder," wrote Philip Delves Broughton

in a widely cited piece in the Sunday Times of London earlier this year, "he might start with a list of those with three incriminating initials beside their name: MBA." A Harvard Business School graduate himself, Broughton said that MBA stood for "Me Before Anyone" and, citing the likes of former Merrill Lynch CEO John Thain and former SEC chairman Christopher Cox, said "the Masters of Disaster have their fingerprints on every recent financial fiasco." HBS was none too pleased the piece got so much pickup. Yet the B-school itself, in a soul-searching case study for a faculty workshop last spring, mentioned Broughton's brief as an example of an unavoidable public perception.

Business schools around the country have undergone similar self-examination. At Dartmouth, the Tuck School of Business now has a mandatory ethics and social responsibility requirement. The New England College of Business and Finance, which offers an online master's in "business ethics and compliance." New York University's Stern School of Business added

### LEARNING FROM THE FINANCIAL CRISIS

Business schools are looking to last year's collapse for firsthand experience.

### CARNEGIE MELLON, TEPPER SCHOOL OF BUSINESS COURSE: Financial Crises, Bubbles, and Panics

Introduced in the spring, this elective addresses a number of timely questions: What is a financial crisis? What causes panics? How prevalent are they? Can they be prevented?

### COLUMBIA BUSINESS SCHOOL COURSE: The Future of Finance

This team-taught course scheduled to launch this spring will give students an understanding of the crisis and challenge them to anticipate where business is heading.

### NEW YORK UNIVERSITY, STERN SCHOOL OF BUSINESS COURSE: Financial Crisis and the Policy Response

This class examines lessons from the crisis as viewed by a market practitioner. Students examine policy implications and what financial institutions should be doing.

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a class on policy responses to the financial crisis. (The Great Depression is also a popular NYU course.)

Others have exploited curriculums that had been coincidentally revamped before the crisis to become less theoretical and less technical, and more interdisciplinary and more focused on real-world social consequences. At Stanford, for example, in small classes called Critical Analytical Thinking, students are considering whether Google ought to put its servers inside China: Local servers mean better service for the Chinese but also government oversight of Google search content. "How the company should handle that tradeoff is what students explore," says dean Garth Saloner. In a different time or at a different school, the question might only be what's immediately best for shareholders.

Stanford's curriculum reform was instituted two years ago, Saloner says, in response to concern that "future business leaders" were being trained too narrowly, within artificial specialties. Similarly, at the Yale School of Management, old and traditional "silos" like finance, marketing, and accounting were replaced with broader, more integrated core courses such as The Investor, The Customer, The Competitor, and The Employee.

Harvard, the Bigfoot of MBA education, is tiptoeing into cur-

riculum adjustments. Its upcoming January program for students will include courses in moral leadership, distressed debt, and global real estate. But dean Jay Light, deriding "splashier" changes elsewhere, says specific courses aren't really the point. "Curriculum is to learning as an organizational chart is to a company," he says. "Learning has to do with what goes on inside the classroom." He says that what came out of last spring's faculty workshop was a "renewed appreciation that things can go wrong at all levels" and that his school hadn't spent enough energy addressing that reality.

Curriculum at most professional schools is a matter of pedagogical fashion, as well as student demand. After the rise of Michael Milken (Wharton MBA '70) and the fall of Enron (Jeffrey Skilling, Harvard MBA '79), there were predictable cries for more vigilance in the academy, as if the professoriate alone could curb hubris. Elective courses in ethics, responsibility, and moderation followed scandal-plagued eras. Maybe some of the customers paid some attention. Yet Light points out that in recent years attendance in Risk Management at HBS was so low the course was canceled. No surprise it's back now. We'll see for how long.

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