

Chapter 1

Teaching Normatively: An Approach for Integrating Mission Values Across the Business Curriculum

Brian K. Steverson
Gonzaga University, USA

Adriane D. Leithauser
Gonzaga University, USA

ABSTRACT

This chapter offers a way to seamlessly, efficiently, and effectively integrate mission values into any core business course. It describes an approach to teaching business ethics developed over the past two decades and explains how that approach can be used by any business faculty to incorporate into their courses a substantive discussion of the role of mission values in contextualizing the specific knowledge and skills that business students are asked to master as they move through the curriculum. This approach to mission-driven business education is properly described as teaching normatively.

INTRODUCTION

As the extent of the unravelling of financial and real estate markets became fully known and the Great Recession began in 2008-09, it became clear that there was no shortage of suspects for causing the crisis. Schools of business did not escape this assignment of blame. In 2008, a piece appeared in the *New York Times* on March 15 placing at least some of the blame for the crisis on MBA programs across the country (Holland, 2009). Quoting Angel Cabrera, Dean of the Thunderbird School of Global Management,

It is so obvious that something big has failed. We can look the other way, but come on. The CEO's of those companies, those are the people we used to brag about. We cannot say, "Well, it wasn't our fault" when there is such a systemic, widespread failure of leadership (Holland, 2009).

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Holland argues that beginning in the 1970's, business school faculty adopted the pedagogical philosophy that their job was to produce graduates trained in the ways and means of maximizing wealth generation and shareholder returns at the expense of a concern for the impacts such an obsession with financial returns could have on the larger economic well-being of the nation. This criticism led schools such as Harvard and Wharton to restructure their curricula in the hopes that new graduates will be better prepared to assume leadership roles upon graduation (Middleton and Light, 2011).

Ironically, the genealogy of American schools of business is founded on the commitment to train business leaders to regard themselves and the work they do as belonging to that select group of occupations that society regards as "professions," which places business in the same social class as medicine, the law, and the clergy. For example, in 1901, Henry Smith Pritchett, then president of MIT, in a speech before the New England Cotton Manufacturers Association and later in print, urged those engaged in the education of future business leaders to break with the narrow, "business-only" view of their educational responsibilities that was dominant at the time, and instead revision themselves as engaged in the development and implementation of a new profession:

[T]he conditions of modern life are such, the facilities of communication are so great and play such a part in success, the relations of men are so complex and upon so large a scale, that the time is near when those who are to direct great organizations, who are to control and develop manufactures between nations – in a word, the Captains of Commerce – must look upon their calling as a profession, not a business; and for this profession there is a training to be had in the schools which will not only save time for the individual, but which will develop a broader, a more efficient and a higher type of man; a training which shall bring not only a keener vision but also a wider outlook and a better perspective. (quoted in Khurana, 2007: 101).

Recent events have thrust the matter back into the public consciousness with renewed calls for business managers to act in a more socially responsible way and for business schools to educate accordingly. Notably, financial journalist Duff McDonald has very recently published an intellectual history of America's most storied school of business, Harvard Business School (HBS), in which he holds the school squarely responsible for the continued "propagation of immoral profit strategies," an educational focus first bought into by HBS, McDonald argues, with its hiring of finance professor Michael Jensen in 1985, who by then and to this day is most famous for his co-authored 1976 paper, "Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure" (McDonald, 2017). Jensen, of course, argued for an unwavering commitment to shareholder primacy as *the* model for corporate governance. In a tradition first espoused publicly by Milton Friedman in the 1970's, McDonald continues, Jensen's arrival at HBS occasioned a radical shift in its educational mission away from a long-standing commitment to the education of an enlightened managerial class toward. Instead, a devotion to producing graduates indoctrinated into the gospel of shareholder wealth maximization, *at all costs*. Not surprisingly, this take on the purpose of a school of business did not remain a uniquely HBS perspective but became the dominant view of the past four decades. Quoting Sumantra Goshal, noted for his work in dismantling agency theory, which was Jensen's primary basis for endorsing shareholder primacy, the result is that "by propagating ideologically inspired amoral theories, business schools have actively freed their students from any sense of moral responsibility" (McDonald, April 6, 2017). In effect, the charge is that business schools have abandoned their social contract with society. In different terms, if a business school's mission statement represents an expression of its obligations under the social contract,

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