

# Chapter 30

## A Critical Assessment of the Oath Project

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### ABSTRACT

*Trillions in value were destroyed in the recent financial crisis. Of equal harm was another consequence. In a time of such a financial crisis – in addition to the ecological and social ones – trust in business organizations and their managers is very low. A survey by the Aspen Institute reveals unpromising prospects as future business leaders seem utterly unconcerned with ecological and societal demands. The Oath Project is a recent phenomenon and proposes solution with which business schools aim to protect their own reputation and invite graduates to commit to a more ethical behavior during their careers. Based on one standard oath during graduation, a number of business schools show they have understood they need to contribute to preventing crises more than this was the case in the past. This chapter provides a critical review of the status quo and way ahead of the oath project. It scrutinizes the actual potential and likelihood of success. In contrast to the field of health care, it is not a single person or doctor deciding which medication to hand to a patient. For what it is worth, the biggest benefit is likely to be the resulting discussion about value and values in business schools and the media.*

### INTRODUCTION

In a time of environmental, social, and financial crisis trust in business and in business leaders is very low. We are just too aware that we are dealing with the third major crisis in less than

10 years. First, the speculation bubble triggered by the e-economy hype burst. Second, various corporate governance scandals broke out around the world due to creative book-keeping practices to meet the wishes and commands of an ever more demanding investment community. This caused significant companies, such as Worldcom, Enron

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and Parmalat, to fold. Third, the global financial crisis, which had its heyday in 2008 and 2009, is still felt and exerts bankruptcy pressures on various countries.

We rightly turn our attention to business schools in which most of the current shapers have been educated. They preach and foster an exaggerated focus on a one-dimensional bottom-line; in other words, short-term profits (see Mitroff 2004 and Ghoshal 2005). This criticism is primarily directed against traditional Anglo-Saxon MBA schools. Countries without such a traditional MBA culture, such as Germany, Korea and Japan, have not been free of scandal, but an overstated emphasis on short-term profits is not seen as a root cause of such scandal. Business schools have come under fire for their role as “silent partners in corporate crime” (Swanson & Frederick, 2003). Scholars have been wary of the skills and values transmitted in business schools for some time and have called upon these schools to rethink their management education. While Henry Mintzberg has long questioned the value of an MBA (Mintzberg 2004), Sumantra Ghoshal (2005) argued that management education is based on fundamentally flawed theories.

What is therefore the way forward and how have business schools responded? There are many initiatives, such as adding (more) ethics or sustainability electives to the curriculum, or – more fundamentally – adopting the UN’s Principles for Responsible Management Education (PRME). Fortunately, this is what an increasing number of schools are doing (Amann et al. 2011). The focus of this chapter is on another initiative – the Oath Project –, which encourages graduates to take an oath upon graduation that commits them to demonstrate responsible behavior in their subsequent professional careers. While the idea of such oaths is not new, the attempt to transfer it to management education is. Khurana and Nohria (2008) have urged the business community to embrace a professional standard based on an explicit rigorous

code of ethics akin to that found in the law and medical communities, which have professional ethics. By having students take an oath during graduation, a number of business schools show that they understand that they need to contribute more to preventing crises than in the past. After all, it is in business schools that future managers and leaders learn about the models and behaviors they are likely follow later. Management education could be likened to a mental software download with the “installed” value software, such as shareholder maximization, being executed later on.

This chapter reviews the idea and the status quo of the oath initiatives critically, and takes a look into the future. It thus scrutinizes this newer initiative along with its potential. Like any innovation, the oath idea too has to evolve over time and, as we shall outline, it will have to cope with the complexities found in the business world. The ensuing discussion on value and values in business schools should prove especially fruitful.

## **A NOTE ON THE HISTORICAL BACKGROUND OF THE OATH**

Before analyzing in closer detail the positive and negative aspects of oaths, the following sections review the historical background. Several schools have contributed to the emergence of the oath. In 2005, graduates of the Thunderbird School of Global Management took an oath for the first time. Their dean, Angel Cabrerar, had asked them to become involved in this initiative and to draw up the draft oath themselves. Involvement in the process should ensure acceptance later on.

In 2008, Harvard professors Rakesh Khurana and Nitin Nohria suggested an oath as well. This suggestion was based on an initiative by graduate student Max Anderson. Anderson openly admitted that although he wanted to make a statement, self-marketing in times of the financial crisis also played a role in his quest to be the graduate speaker.

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