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THE BUSINESS SCHOOLS EDITION

CAN ETHICS BE TAUGHT?

Why schools
struggle to instil
corporate honesty

www.financialmail.co.za

July 26 - August 1 2018

SA: R29.50 inc Vat

Botswana: P29.20

Swaziland: SZL29.20

Zimbabwe: US\$5



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FOR GOODNESS'

On the face of it, not much has changed in corporate behaviour since business schools began putting all their educational eggs in the ethics basket. Why not?

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Are business schools failing in their duty to teach new generations of business people right from wrong? Can ethics in fact be taught? In the 10 years since they received a public roasting for churning out many of the corrupt business leaders who, by omission or commission, caused the global financial crash, business schools have put greater resources into imbuing students with the correct moral and ethical standards.

It started out with standalone ethics courses, in the hope that the occasional droning lecture would do the trick. Then came the realisation that ethical behaviour, or the lack of it, affects every corner of business. So now it is taught within other subjects. Ethics and governance, schools boast, is at the heart of all they teach.

But what has been the impact of this moral crusade? On the face of it, not much. Globally, corrupt business practices flourish as they always have. In SA, Steinhoff, KPMG, McKinsey, Eskom, SAP, Denel and Nkonki are among the firms caught in recent illicit behaviour. Corporate giants like Murray & Roberts, Group Five, Aveng, Tiger Brands, Premier, Pioneer, PPC, Lafarge and many leading media houses are among scores of companies fingered in cartel investigations.

And let's not even start on the looting taking place daily within government and state-owned enterprises, which President Cyril Ramaphosa is committed to ending. The Gupta link may have increased the scale of corruption under Jacob Zuma, but we shouldn't kid ourselves that it wasn't happening already.

Most distressing, in some eyes, has been the growing proof of fraud perpetrated by a section of the Stellenbosch business establishment that previously surrounded itself in a cloak of moral rectitude. Nelson Mandela University Business School director Randall Jonas observes: "The Stellenbosch economic giants are no longer held in the same high regard."

Welcome to Skelmbosch.

Rightly or wrongly, MBA graduates have long

been tainted by a "me-first" image.

A few years ago, a university study in the US found that convicts and MBA students share similar ethical standards. Regenesys Business School founder Marko Saravanja says: "Knowledge makes them feel powerful. But, on its own, knowledge is shallow. They become less humble and compassionate."

So where is ethics teaching going wrong? Or is it? Nicola Kleyn, dean of the Gordon Institute of Business Science (Gibs), reckons it takes up to 10 years for the impact of new MBAs to be felt in the marketplace. So perhaps we should be patient.

Helena van Zyl, director of the University of the Free State Business School, doesn't think waiting will make much difference. Unless students have decent standards to begin with, the most you can hope is that they will understand the ethical principles.

Wits Business School (WBS) academic Terri Carmichael agrees. "It's not about teaching but about learning," she says. "Knowledge is one thing, applying it is something quite different. Only if the environment supports the principles with unshakeable consequences will people respond properly. Otherwise the best you can hope for is that people know what they are doing is wrong."

Sometimes they don't. Carmichael's WBS colleague, Anthony Stacey, who lectures on the ethics of academic research, uses the example of attitudes to plagiarism. It used to be simple, he says: if you used someone else's ideas without acknowledgment, you were a plagiarist. But what if that idea has already been "borrowed" and shared all over social media? At what point does it become common knowledge and therefore fair game for everyone?

"People who repost something on Facebook think of it as their own," says Stacey. "I don't think it's malicious, they just don't see it as wrong."

Most students starting out at business schools are in their late 20s. Family and other influences have already established underlying moral codes, which get coloured by business experience. Differences may be accentuated by cultural bias.

As Jonas points out, one culture's accepted behaviour is another's no-no. "Do you show





SAKE

respect for someone else's upbringing or simply tell them they're wrong?"

In short, can an MBA programme or executive education course undo what is already there? Kosheek Sewchurran, acting director of the University of Cape Town's Graduate School of Business, thinks so. "We have people in their 50s on our executive MBA programme. Even they shift their ethical standard and world vision.

"Ethics is not a knowledge transaction. It shows up in how people behave, how they deliver, how they show goodness."

Regenesys director Penny Law says her school's promotion of "spiritual intelligence" is a necessary ingredient in this personal growth process, by providing "purpose, truth and ethics". She says: "Most business schools teach dog-eat-dog. It's about greed – the opposite of humanity and compassion. Here, we try to transform the way people think; to debate what is acceptable."

But what happens if after learning these values they return to a dog-eat-dog workplace? Sasha Monyamane of Unisa's Graduate School of Business Leadership, says some companies pay only lip service to ethical behaviour. Their code of ethics is a "dust-covered piece of paper pulled out in a crisis".

When employees return from study, they are back in an environment without clear ethical direction. It's no longer a theoretical classroom but the real world, with consequences for stepping out of line.

What many unethical companies have in common, she says, is "larger-than-life" leaders who have lost their sense of ethical reality. Business is a game, an exercise of personal power.

Chris van den Hoven, head of Stellenbosch University Business School's executive education arm, says such people regard codes and laws as technical challenges to be overcome. Even when they behave ethically, it's because it's profitable to do so. "There always has to be a business case."

Milpark Business School dean Cobus Oosthuizen suggests most companies start out ethically. "They are driven by passion, the desire to make a difference.

"But over time, the profit imperative rules. Everything is subject to the need to pay 10,000

What it means:

What many unethical firms have in common are dominant leaders who see business as a game, an exercise of personal power

salaries and satisfy 20,000 shareholders."

The same holds true for most employees, says Paresh Soni, of the Management College of Southern Africa (Mancosa).

They start out with good intentions but are sucked in by the system. "It becomes all about personal benefit."

Mervyn King, author of the King codes on corporate governance, says it's impossible to tell whether companies comply for moral reasons or because they have to.

"No code of regulation in the world can completely ensure honesty," he says. "You can follow our codes to the letter but that doesn't make you an ethical person. You can't change values by laying down a set of rules."

Self-interest will always encourage greed, he says. Then there's the traditional business model. "Intellectual honesty is muddled by the shareholder-centric model which requires a director to act in the best interest of shareholders. Some may take that to mean enhancing share price and profit at any cost."

Whatever the doubts about the personal impact of ethics teaching, academics agree that the more immersive the experience, the better. Reading theory from a textbook is next to useless. Case studies and role-playing, in which students are put on the spot to make decisions from real-life examples and their own experience, are more effective.

Bernd Irlenbusch, from the University of Cologne Faculty of Management in Germany, says students need to understand how their beliefs affect their ethical behaviour, then how to channel those beliefs positively.

He says: "Many students value honesty and respect but somehow feel these do not belong in the business world. We challenge this idea by asking for examples of how they acted against their values, and then the class discusses how they could have acted differently. It's unfortunate when you have the right values but feel the need to suppress them."

Role-playing is also a preferred method at SA's Rhodes Business School. By framing the experience against the background of moral dimensions and the King codes, students are forced to confront issues in a new way, says director Owen Skae. It all happens within the context of broader debate about the purpose of business.

Sustainability is an integral part of any ethical conversation, he says. Water wastage and renew-



Penny Law, Regenesys

Freddy Mavunda

destruction of wealth. "Instead of creating hope, you are creating despair and cynicism. Business schools must raise and confront these challenges."

One way might be to exclude would-be students with the wrong values, to protect the management gene pool.

Bill Boulding, dean of the Fuqua School of Business at Duke University in the US, says: "Business is arguably the greatest transformational force in society so we have to look beyond the normal intelligence qualities in our potential leaders and ask whether they have the emotional intelligence and decency quotient. As business schools, we share responsibility for the downstream behaviour of our graduates after they leave us."

He says Fuqua, through a series of interviews and tests, weeds out students with the wrong attitude. "Will we turn them away? Yes. The world needs people with uncompromising integrity. There has to be more attention at the front end of the education process, to get people with the right moral compass. We have to create responsible leadership the world needs."

Ethics, by its very nature, is about hard choices, says Gibbs academic Morris Mthombeni.

"It's not a skill but a belief system. It requires analytical rigour, moral reflection and imagination at every stage. These aren't things that can be taught and tested like traditional subjects but we know we're having an impact. We may not always get it right but it's something we can't not do." ✘

able energy, and their impact upon the environment and workplace, are as much moral as business issues.

But there's a gap in the system. Skae says it's hard to measure the impact of ethics teaching. "We don't know how it affects students' decision making later. All we know is that by the time they leave here, they know the difference between right and wrong."

They also know that if they sin, they probably won't pay a personal price. Free State's Van Zyl says: "We live in an environ-

ment with a weak value system. There are poor role models at every level of society and business. Those who are caught rarely face consequences and may actually be rewarded."

Henley SA dean Jon Foster-Pedley says this lack of accountability anaesthetises people to the harm they are doing. "Business schools must show people the consequences of corruption. Illegitimate behaviour becomes legitimate through repeated practice. You persuade yourself that this is not really illegal. But you are implicit in the

CRACKING AN OLD FAÇADE

Their image may be that of capitalist tools, but business schools insist they make a significant contribution to social and economic development

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Cash cows or contributors to economic growth? Agents of positive change or perpetrators of outmoded ideas? Business schools have no doubt that they're forces for good, but not everyone agrees.

A recent article in Britain's The Guardian newspaper proposed that business schools everywhere be bulldozed. "There are 13,000

business schools around the world," it said. "That's 13,000 too many."

The author, Bristol University management professor Martin Parker, says schools are so intent on earning revenue that they provide corporate clients and students with what they want, rather than what they need. They persist with comfortable, tried-and-tested teaching matter and methods, as if the modern business world has not changed from decades ago.

Furthermore, they teach the old "me-first" model of capitalism. Parker writes that business schools are "places that teach people how to get money out of the pockets of ordinary people and keep it for themselves".

Predictably, the article has earned scorn from the global schools community.

In SA, business-school academics say their institutions contribute to the growth and development of society as a whole. But does anyone notice?

Henley SA dean Jon Foster-Pedley says: "Compare a school brochure today with one from 30 years ago and they are much the same. The message we're putting out there does not reflect what we really do. SA schools are pushing boundaries and having an impact in all corners of SA, yet we maintain this elitist façade."

Nicola Kleyn, dean of Pretoria University's Gordon Institute of Business Science (Gibs), says: "Perhaps we shouldn't be called business schools any more because that suggests we serve only capitalism."