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### **Business Schools and Corporate CEO's Team Up to Start Ethics Institute**

**By KATHERINE S. MANGAN**

Faculty members at leading business schools will join with the chief executive officers of some of the nation's top companies in a new ethics institute that will be housed at the University of Virginia's Darden Graduate School of Business Administration, officials announced on Wednesday.

The goal of the center, which is being sponsored by the Business Roundtable, an association of CEO's, is to help restore public confidence in the marketplace in the wake of recent scandals. The institute, backed by \$2.7-million from the business group, will conduct research, create courses, and lead executive seminars on business ethics. The institute, which will be independent, will involve faculty members from Darden as well as from business schools at Harvard, Northeastern, and Northwestern Universities; Pennsylvania State University at University Park; and the Universities of Michigan at Ann Arbor, Minnesota-Twin Cities, Notre Dame, Pennsylvania, and Texas at Austin.

The center, to be called the Business Roundtable Institute for Corporate Ethics, will also involve the 150 chief executive officers who make up the Business Roundtable, a public-policy group whose corporate members employ more than 10 million people in the United States.

"This institute is a bold investment that will bring together the best educators in the field of ethics, active business leaders, and business-school students to forge a new and lasting link between ethical behavior and business practices," said Franklin D. Raines, co-chairman of the business group and chief executive officer of the Federal National Mortgage Association, the home-loan agency commonly known as Fannie Mae. Business schools have been under pressure to improve their teaching of ethics in the wake of corporate scandals over the last few years ([The Chronicle](#), September 20).

Many schools have responded with new ethics courses and initiatives. Harvard, for instance, requires all first-year M.B.A. students to take a new interdisciplinary ethics course that includes case studies of Enron and WorldCom, two companies hit by scandal since 2001. Undergraduate business students at the University of Arizona have to sign an "integrity oath," and faculty members there have begun using plagiarism-detecting software.

The Business Roundtable Institute will provide a forum for collecting ideas about the best ways to teach ethics to students as well as to business leaders.

"This institute will be successful if we can engage the academics, the CEO's, and the students in a conversation about how to improve the connection between business and ethics," said R. Edward Freeman, a professor at the Darden School who will serve as the institute's academic director.

Mr. Freeman is a leading ethics expert who argues that there's nothing new about today's corporate scandals. He believes they reflect the broad, longstanding problem in business that managers are often judged almost completely by how much they increase profits and add value for shareholders.

Diane Swanson, a professor of business at Kansas State University who led an unsuccessful effort to require the teaching of ethics in all accredited business schools, praised Darden for helping create the institute.

"The proof will be in the pudding," she said. "It's a lot easier to bring people together than it is to convince business schools to take that information and overhaul their curricula, which is what's really needed."