

Dear Colleagues,

Presently, there is a window of opportunity to impact AACSB accreditation standards. If AACSB proposed standards are not challenged now, coursework in ethics and the social environment of business will remain weak or non-existent in many schools of business for the next decade. This would be a serious mistake, especially in light of the recent corporate scandals.

We [Diane Swanson and Bill Frederick] strongly urge all members of SIM-L, IABS-L, and SBE-L and associative Lists to read and endorse Duane Windsor's letter to the AACSB dated October 8, 2002. The text of Duane's message follows our signature below.

Everyone is obviously free to compose one's own message but we suggest that a short message would be most effective. The idea is to get a *large* number of e-mails going to AACSB to show widespread support for Duane's proposals. It would be sufficient for these purposes to say, "**I strongly endorse the views about accrediting ethics courses stated in Duane Windsor's letter to the AACSB dated October 8, 2002.**"

Send the message to

standards.comments@aacsb.edu

and

Milton Blood, the Managing Director of Accreditation

Services:

Milton@AACSB.edu

Please copy two other recipients of Duane's original message:

1. Jone Pearce, President, the Academy of the Management

jlpearce@uci.edu

2. Elena Antonacopoulou, Chair, The Academy of Management Ethics Committee

eantonacopoulou@man.mbs.ac.uk

Additionally, we would appreciate it if you would send a cc or bcc to

Diane Swanson (swanson@ksu.edu) and Bill Frederick

(BILLFRED@katz.pitt.edu).

Finally, be sure to forward this message to people who are not active members of distribution lists.

These are simple acts that you can do to build support for ethics reform in the nation's business schools.

Again, Duane's message follows our signature below.

Thanks.

Diane Swanson, Kansas State University (swanson@ksu.edu)
Bill Frederick, University of Pittsburgh (BILLFRED@katz.pitt.edu)

October 8, 2002

TO: AACSB Blue Ribbon Committee on Accreditation Quality
Milton Blood, Director of AACSB Accreditation Services
FROM: Duane Windsor, Rice University
RE: An Open Letter on Business School Responsibility
CC: Jone Pearce, President, The Academy of Management
Elena Antonacopoulou, Chair, The Academy of Management Ethics
Committee Majorie Kelly, Editor, "Business Ethics" Diane
Swanson, Kansas State University Listservers for SIM and IABS

An Open Letter on Business School Responsibility:

I have examined AACSB draft number 3 revising MBA accreditation standards, and also Dr. Milton Blood's recent correspondence on this revision with Professor Diane Swanson of Kansas State University which he very kindly permitted to be circulated in the common interest. I wish to communicate my views to AACSB, The Academy of Management, and any other colleagues who may be equally concerned.

By way of background, I am Lynette S. Autrey Professor of Management in the Jesse H. Jones Graduate School of Management, Rice University (AACSB accredited), in Houston, where I have been on the faculty since 1977. During much of that period I served as an assistant or associate dean in the Jones School administration. This year 2002-2003 I am chair of the Jones School MBA program committee, which is to evaluate our curricular structure and approach. During 25 years of experience, I entered business school teaching soon after the adoption of the AACSB accreditation standards in the early 1970s that effectively required some form of course in business and society (or social issues in management), and then taught under the more flexible approach to curricular structure adopted by AACSB in the early 1990s. (In my view, the latter approach was partly an overdue reaction to the rigidity of the former approach.) Now I will be going through my third AACSB standards regime. I feel qualified to offer some long-term perspective on the standards question.

The Autrey Chair I hold is intended by the donor to support business ethics. I teach business ethics and leadership modules to Executive (Week End) MBA students and an organizational politics module to Week Day MBA students. (A colleague teaches business ethics in the Week Day program.) I also taught strategic management for a number of years. At Rice University, these modules are required (core) courses; in the Executive MBA program, we substitute business law (taught by adjuncts) for organizational politics. Even so, at the Jones School, the business and society faculty (three out of a projected 50 or more lines, with little prospect of expansion beyond three even though the school faculty is growing rapidly) is simply too small to have much effective influence. The role of business and society instruction and scholarship depends on the moral wisdom and social conscience of the whole body of the school's faculty. Otherwise the business and society faculty simply get outvoted on curricular and scholarship issues. This circumstance is I believe true at many schools. Only the condition that relatively young tenured faculty occupies two of our three faculty lines stabilizes the situation. It takes only my retirement and diversion of the Autrey Chair to another field, or the diversion of the third line (presently under search) to another field, to destroy the current educational approach-perhaps irretrievably. An appealing strategy of "best person regardless of field" is sufficient to encompass the destruction of ethics and responsibility education in the Jones School, due to how small that particular faculty is, by assigning the third line to any other field. Jesse H. Jones, for whom the school is named, was a prominent Houston businessman, head of the U.S. Reconstruction Finance Corp. in the depression and U.S. Secretary of Commerce for FDR, and philanthropist (through the Houston Endowment foundation established with his wife). I presume he would be appalled, as we all are in AACSB and The Academy of Management, at today's corporate scandals. (Enron is located in Houston.) There is not a question of deliberate intent to erode ethics and responsibility. Rather, there are enormous pressures at work on everyone: volatile rankings, getting funds for creating trading rooms, competition for faculty lines, student placement statistics, etc.

The accreditation standards of the early 1970s, whatever the defects of rigidity, at least plainly pointed business schools in the direction of some kind of required course in business and society (or social issues in management), or one of its main components (e.g., business ethics, legal environment, public policy). I have long been concerned that the subsequent change in accreditation standards adopted in the early 1990s devalued coursework in this area, and led over the years to a slow deterioration in the role of business and society in MBA curricula in favor of functional fields, strategic management, and field experience courses. There are certainly schools, such as Rice for example, where this deterioration has not YET occurred. But I believe the phenomenon to be sufficiently widespread to be alarming, and the situation even at Rice to be delicately balanced at best as described earlier. In my view, an essential feature of the last change in accreditation standards was a shift to a high degree of flexibility in how schools could structurally address mission delivery. (Doubtless there was an

understandable reaction to previous curricular rigidity, but I judge that the wrecking ball has now swung too far in the direction of local flexibility.) The revised accreditation standards took form as a general outline for content areas together with verbiage on faculty qualifications. The business and society, or related, faculty is almost always a small set of instructors lacking in most schools sufficient voting strength to influence curricular outcomes. In direct contrast, the accreditation standards of the early 1970s established a clear guidance within which there was a strong preference for required coursework so that voting strength was not then a critical matter. The doctrine of flexibility has made voting strength a critical matter. Curricular outcomes now reflect a number of forces—such as student preferences for electives or market-valuable courses, market-oriented ideology, and the increasingly ruthless competition among business schools for journalistic rankings. These forces tend at the margin typically to deterioration and neglect of ethics or law, especially in the absence of faculty voting strength and any clear guidance from AACSB and The Academy of Management. The AACSB draft ignores, I judge, this reality. There may be no particular causal link between absence of a specific course for business responsibility and the recent spate of corporate scandals and leadership failures; doubtless the matter is more complex. But to neglect business ethics, business-government relations, and corporate governance dimensions of management is both to continue to invite such misconduct and to cast doubt on the social usefulness of AACSB and The Academy of Management in this crisis. (I cast no doubt myself; I criticize only the method for implementation of our mutually shared concerns.) This is a golden opportunity to redress the situation and make a strong public statement in favor of business responsibility education.

In Dr. Blood's correspondence with Professor Swanson, which I cite only for the fact that it identifies key questions, it seems to me that he emphasizes three things. (1) Dr. Blood highlights the doctrine of flexibility, which approach underlies the accreditation standards presently in place. This doctrine argues that AACSB should make particular strictures "only in those areas that are deemed universally essential" (quoting Dr. Blood). Corporate responsibility plainly falls in that class, as admitted to by AACSB itself as cited in point #2 immediately following, and more so than any other topic area. (2) Dr. Blood notes that the specific response, in AACSB standards revision, to recent scandals has been to move ethics (long present in the standards) up the implicit "hierarchy" of content areas (or topics) to the top. This response, while necessary and desirable, is far from sufficient. (3) Dr. Blood reports that everyone at The Academy of Management (and of course AACSB) is concerned with the recent corporate scandals. I take genuine concern by everyone for granted; and I accept that the other two points involve serious purposes. A course mandate rather than verbiage is wanted now. The scandals will fade away; the educational responsibility is permanent.

I do not concur that the AACSB draft addresses the problem adequately.

The draft attempts, in my reading, to maintain two co-equal principles simultaneously: (1) curricular flexibility; (2) ethical sensitivity. It tries to provide member schools two signals at one time, and the signals are in conflict or tension. Either one signal must be superior to the other (in a hierarchy of principles), or the two must operate in unresolvable tension in some way. It seems to me that the draft standards are trying to straddle the tension, and temporize, rather than recognizing the need for explicitly accepting that ethics / responsibility at least is more important than flexibility. The draft report is trying to signal both principles as important without telling schools how to resolve the tension, and thus leaving resolution to local forces. There is NO local consideration here-in AACSB language a universal essential at stake. In isolation a principle (such as curricular flexibility) sounds good in the abstract (who would oppose curricular flexibility as such). But the practical reality is that flexibility is at tension with the need for a stronger AACSB stance fixing the plain desirability of some required coursework in business and society. AACSB understandably defends the principle of flexibility, but it winds up subordinating ethics to that principle despite the general concern-and that subordination will play out in local flexibility choices. Plainly institutionalization of ethics must be held superior to flexibility of curricular approach. AACSB and The Academy of Management should take a public stance and provide specific guidance to business schools. Otherwise, the standards revision is going to come across (however unintendedly) as minor window dressing or mere lip service, and it will have that effect as a curricular outcome. AACSB will be read as leaving the door open to local choice on the vital question of ethics. Rather than trying to emphasize ethics while defending flexibility, AACSB ought to make business and society coursework mandatory (nothing else need be, in my view). It should be up to schools to explain why they undertake responsibility education in ways other than a required course. Even if flexibility is to be served by opting out in some way, the burden of proof should be on the school and in a context of serious concern that opting out is a real problem at AACSB. This approach moves the decision from local voting strength to a universal and essential mandate in the public interest.

My reading of the AACSB draft number 3 causes me grave concern, in this context, that the explicit intent of highlighting ethics by movement up the list of topics (intended as a hierarchy) is undermined immediately in the report itself by the very course examples suggested in the latter portion of the draft for addressing "course-embedded measurement." On p. 63, the list of "Topics typically found in business degree programs include:" environment of business, ethics, and diversity as the leading three dimensions ahead of strategy, organization, and information. But at p. 62, the draft report states: "There is no implication in these standards that these topics designate particular courses or treatments." My long academic and administrative experience tells me that the report's approach can readily misdirect locally flexible behavior, and I can visualize how matters may likely play out at my own institution. At p. 60, the

draft states: "to incorporate ethical considerations into decision-making, may embed the measurement of accomplishment on those goals into a capstone business-strategy course." This example and language both (1) subordinates ethics into a dimension of business strategy, and (2) invites subordination of ethics into a capstone course on business strategy (I have taught both subject matters). I do not say there is any explicit intent at work. Rather I say that, in straddling, on the one hand the draft report elevates ethics topically and on the other hand inadvertently signals and encourages no need for a particular course while it emphasizes other traditional courses. At p. 61, the draft report refers to a "required Financial Accounting course " At p. 62, the draft report refers to a "required Organizational Behavior course " The report NEVER refers to a required Business and Society course or Business Ethics course or a Legal Environment course.

I invite your attention to the advisability of immediately doing two things in the draft report and also doing something with the accreditation website page. (1) As the draft lists course examples, it would surely be wiser to add a section discussing business and society and/or business ethics courses as a counterbalance to the existing examples. At a minimum, an example can be included in support of the change in the hierarchy of topics already made. The draft should list such coursework first and then further make clear that other course examples ALL carry that basic approach forward in the curriculum to the capstone strategic management possibility. The list of courses the draft provides as illustrations is, despite the verbiage, the outline of a core curriculum in embryo: Financial Accounting, Organizational Behavior, Strategic Management. The draft would do better to list Business and Society first. (2) Rather than emphasizing in the language cited above (at p. 62) that no particular courses are indicated, I would go further to state that the one course AACSB expects to be required universally and essentially is coverage of environments of business, ethical and responsible behavior, and diversity. The burden of proof should rest on the school to demonstrate why some other approach is acceptable. I favor an explicit statement that thou shalt have a business and society course in some form, thou shalt work that perspective in addition throughout the curriculum, and thou shalt be prepared to demonstrate to an accreditation committee that such standards have been met. AACSB then takes an explicit and definite position; and I urge it to do, in conjunction with The Academy of Management and other interested academic. The "violation" of flexibility is minor, and to good purpose. (3) The website page for accreditation has a list of "assurances" to stakeholders. It seems to me that the list should add, as the very first assurance, "Socially responsible business and accounting professionals" or analogous language. There will be various ways for reinforcing the moral imperative on which AACSB and The Academy of Management ought now to insist in the public interest. (I believe that business ethics and auditor responsibility should be mandatory coursework in accounting accreditation standards as well.)

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