Balancing Act

Students weigh personal ethics against organizational values

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Sick Day at the Office

have a friend who used to work in a toxic office environment controlled by an unsavory boss. One day he would make inappropriate comments about her appearance; the next day, he’d denigrate her work. One of the most unnerving things he did was ask her to forge his wife’s name on his income tax returns. My friend refused (not wanting to commit a crime)—but didn’t report him to his supervisor (not wanting to lose her job).

It wasn’t much of a shock when she eventually was fired, an event most people find devastating. But she told me that, as her boss outlined all the reasons he was letting her go, she felt her spirits start to rise. Her one clear thought was I’m free! I’m free!

No part of her story would be a surprise to Temple University’s Robert Giacalone or Rider University’s Mark Promislo. They’ve taught courses and conducted research about the far-reaching effects of bad behavior in the workplace. Their conclusion? Harassment, mockery, bullying, and other forms of bad behavior can have quantifiably negative effects on the people who suffer, witness, and even perpetrate the abuses. Poor ethical choices literally can make a workforce ill. In this issue’s “Sick About Unethical Business,” Giacalone and Promislo outline the tactics they’ve used in the classroom to help students understand the true costs of unethical behavior.

A different approach to the topic is discussed in “Business Through an Ethical Lens.” It describes the Ethical Lens Inventory, or ELI, a tool developed by EthicsGame that helps individuals discover how their personal perspectives influence their approaches to ethical dilemmas. Some will be guided by the needs of the community and others by the needs of the individual; some will interpret situations emotionally, while others will strive to act rationally. Of course, when students complete the ELI, they most often find that they view situations through a mixture of perspectives. What’s important, say educators, is that students learn that there are many ways people could react to the same situation.

As for my friend who was fired, there’s a happy ending. A few months after she left the corporate job, she started a cleaning business out of her home. She said, “The things I do for my clients are so simple, but they love me. I never knew I could feel so good about myself and my job.” She’s living proof that happy employees are more productive employees who have more to contribute to the company’s bottom line, whether that company is the place they work or the business they own. Employees can’t be entirely happy or productive unless there’s a strong sense of ethics in the workplace—and that’s something business students need to learn in school.

Sharon Shinn
IN OCTOBER 2012, Bob Reid became AACSB’s chief accreditation officer. He brings to the job a wealth of experience in accreditation—including many years volunteering on AACSB’s accreditation peer review teams. He says his experiences as a reviewer gave him a better understanding of the challenges faced by accredited schools. “Many schools struggle with similar issues, whether it’s recruiting and retaining faculty...”

― Reid to the graduating class of JMU’s College of Business, May 2011

Getting to Know... Robert Reid
Chief Accreditation Officer, AACSB International

Previous Experience:

Dean,
James Madison University’s College of Business, 1996–2012

President,
Beta Gamma Sigma, 2010–2012

Past Chair,
AACSB Maintenance of Accreditation Committee

Past Member,
AACSB Accreditation Coordinating Committee

“Become a coach, become a mentor. It will bring you enormous satisfaction and joy. You will make a difference in the lives of others.”

― Reid to the graduating class of JMU’s College of Business, May 2011
or coping with budget constraints. Different schools have different solutions,” says Reid. “I learn something new from each school I visit.”

Reid’s vision for the future of AACSB accreditation is threefold. First, he wants the process to be more globally inclusive, with more schools outside the United States pursuing and attaining AACSB accreditation. Second, he wants to streamline the accreditation process by moving many of its functional aspects online, so that schools can communicate with peer review teams more easily across time zones. Finally, he wants to recruit more volunteers from Asia, Latin America, and Africa, so that AACSB’s peer review teams better represent the global nature of its membership. Of the association’s more than 700 volunteer assignments, he says, most are currently filled by individuals from North America and Europe.

Before he became a dean, Reid was the head of the department of marketing and hospitality management at James Madison University in Harrisonburg, Virginia. He also has authored or co-authored several books and articles on the service industry. Reid says that background has given him an appreciation of what it means to work in a service environment—and he views AACSB accreditation as a service the association offers to members. “As a volunteer on peer review teams, I told each dean that while we were there to make recommendations about the school’s accreditation, we also wanted to make the process as easy as we possibly could,” he says.

As CAO, Reid looks forward to advancing AACSB’s accreditation mission and making a difference in business education. “I see the future of AACSB accreditation as more evolutionary than revolutionary, as we stay focused on mission-driven continuous improvement,” says Reid. “We want to help business schools be better.”

**Surveys: EMBA Programs Adapt**

**NEW SURVEYS** by the Executive MBA Council show that recent EMBA graduates are generally satisfied with their programs, earning more money because of their degrees, and benefiting from adaptations schools have made to improve their outreach and upgrade their technology. The EMBA Council is headquartered in Orange, California.

There’s good news on the salary front for recent EMBA graduates, according to those who participated in the organization’s 2012 Student Exit Benchmarking Survey. Graduates said their salary and bonus packages increased by 17.3 percent—from US$140,587 to $164,845—from program start to program end. That overall increase in compensation might be one reason most graduates are pleased with their EMBA experience. Sixty percent reported that they’re extremely likely to recommend the program to a friend or colleague, and 55 percent are extremely likely to support the program as alums. They might also be satisfied with their programs because schools are adapting to a changing marketplace by increasing their use of technology and expanding their outreach, according to the 2012 Executive MBA Council Membership Program Survey. According to survey results, EMBA programs are delivering 29 percent of materials electronically, more than double the 12 percent delivered electronically in 2010. Social media use also has increased dramatically; for example, 86 percent reported using LinkedIn in 2012, compared to 41 percent in 2009.

Another key finding is that EMBA programs are working harder to connect with outside stakeholders. Among member schools, 60 percent have increased alumni outreach and 41 percent have increased corporate outreach efforts since 2009.

It’s possible schools are doing more outreach because more students are paying their own way through EMBA programs. In 2012, 25.9 percent of students received full financial sponsorships from employers, and 35.1 received partial funding. Those numbers were down slightly from 2011 figures of 27.3 percent and 35.9 percent, respectively. To make up for that drop in funding, more EMBA programs are offering scholarships or fellowships; that number has risen from 38.8 percent in 2008 to 47.6 percent in 2012.

The EMBA Council’s surveys showed little change in many of the other areas that the organization tracks: years of managerial experience (8.5), years of work experience (13.6), GPA (3.2), student age (37.2 years), percent of female students (25.4), program length (20 months), class size (44), and program costs ($72,782).
Well-Known Deans Say Goodbye

**THIS SUMMER** will mark the end of an era as four prominent deans retire after holding deanships at various institutions for more than a decade. In addition, three have been deeply involved in AACSB International over the years, leaving their marks on the association and management education.

- **In July, Richard E. Sorensen** will retire from Virginia Tech’s Pamplin College of Business after serving the Blacksburg school for 31 years. Under his leadership, the Pamplin College expanded student enrollments and academic programs; developed new international, leadership, ethics, and diversity programs; created new advising and career services for students; established outreach services for businesses; and completed two major fund-raising campaigns, including the one that resulted in a US$10 million naming gift from the Robert B. Pamplin family.

  Additionally, Sorensen has a long history with AACSB. He was board chair from July 2005 to July 2006 and has chaired the organization’s Accreditation Quality Committee and Committee on Issues in Management Education. He also has served on AACSB’s committees for initial accreditation, business accreditation, continuing accreditation, and governmental relations. He currently is co-chair of the Blue Ribbon Committee on Accreditation Quality and serves on the advisory committee for the Bridge Program.

  Sorensen was recently honored with a Lifetime Achievement Award from the business fraternity Pi Sigma Epsilon at the organization’s Atlantic regional conference. He was founder of the PSE chapter at Virginia Tech and acted as mentor to its members.

- **Jan Williams**, dean of the College of Business Administration at the University of Tennessee, Knoxville, will be retiring this spring after more than 20 years as dean of the school. Williams, currently the Stokely Foundation Leadership Chair, joined UTK in 1977 and was at the school in 1982 when the CBA became one of the first programs to be accredited in accounting by AACSB. As dean, he oversaw the growth of the supply chain/logistics program and the opening of the business school’s new James A. Haslam II Business Building. He is past president of the Ameri-

- **Also in July, Andrew J. Policano** will step down as dean of the Paul Merage School of Business at the University of California, Irvine, where he has served since 2004. He had previously been dean of the School of Business at the University of Wisconsin, Madison, for ten years. While at UCI, Policano was instrumental in coordinating the US$30 million naming gift from the Paul Merage family. During his tenure, the school raised more than $60 million, hired more than 20 faculty members, increased the number of endowed chairs from four to 17, implemented a new MBA curriculum, and started an undergraduate business major. The school also completed the approval process for a new business school building, which is scheduled for completion in the fall of 2014. Policano will return to faculty status and become the full-time faculty director for the Merage School’s Center for Investment and Wealth Management.

  A longtime supporter of AACSB, Policano was chairman of the board of directors from February 2010 to July 2011. He held many other previous positions with the organization, chairing a Blue Ribbon Task Force on Accreditation Standards and serving on the PhD Bridge Program Task Force, the Committee on Issues in Management Education, the Special Committee on Global Accreditation Strategy, and others. Policano also served as a member of the board of the Graduate Management Admissions Council; he was a founding director of the PhD Project and was one of the inaugural inductees into the organization’s Hall of Fame.

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can Accounting Association and was listed as one of the Top 100 Most Influential People in 1998 and 1999 by Accounting Today.

Williams also served as AACSB’s board chair for the 2011–2012 academic year and has a long history with the association. He has chaired or been a member of the Accounting Accreditation Committee, Blue Ribbon Committee on Accreditation Quality, Business Accreditation Committee, Finance and Investment Committee, Impact of Research Implementation Task Force, Impact of Research Task Force, Southeastern Conference Business Schools Affinity Group, Special Committee on Global Accreditation Strategy, and Strategic Directions Committee.

On June 30, Roger Martin will step down as dean of the University of Toronto’s Rotman School of Management after 14 years at the helm. Martin will work as a professor at the university and head two combined research institutes. During his time at Rotman, the school grew from 36 faculty members to 120 and from 130 MBA students to more than 300. He also oversaw the launch of new programs, including an expanded PhD program, and the opening of a new building for the business school.

Martin has become known for championing design thinking in business; in his view, design thinking “balances analytical thinking and intuitive thinking, enabling an organization to both exploit existing knowledge and create new knowledge.” In 2011, he ranked sixth on the Thinkers 50 list, which identifies influential voices in global business.

Undergrads Go Global

A GROWING NUMBER of business schools are taking steps to provide rich international experiences for undergraduate students. The goal is to prepare them to become global leaders even if they don’t pursue graduate studies in business. Here are just a couple of recent examples:

- This fall, the University of Southern California (USC), The Hong Kong University of Science and Technology (HKUST), and Bocconi University will launch the World Bachelor in Business (WBB) partnership, a four-year program in which undergraduates will live and study on three continents and earn degrees from three universities. Students will begin in Los Angeles at USC’s Marshall School of Business, then move to Asia for a year at HKUST School of Business, before spending their third year at Bocconi University in Milan, Italy. Students may complete their fourth year at any of the three partner universities.

- While at USC, students will study Southern California’s entrepreneurial culture; in Hong Kong, they’ll learn about the global banking industry; in Milan, they will study the challenges of integrating the many countries of the European Union.

- Bryant University in Smithfield, Rhode Island, has launched a specialized study-abroad program for undergraduates in collaboration with the University of Salamanca in Spain, the Salamanca Chamber of Commerce, and Academic Programs International. Students take business courses from Bryant University and Spanish language and culture classes from the University of Salamanca. Through the Chamber of Commerce, they participate in 12-week for-credit internships at companies that deal in logistics, supply chain management, international trade, finance, business development, technology services, database development, marketing and communications, and government and business relations.
MBA Applications: A Mixed Bag

SOME TYPES OF master’s programs saw growth in applications and some didn’t fare so well in 2011–2012, according to survey data collected by AACSB International and the Graduate Management Admission Council.

According to AACSB’s Knowledge Services department, which analyzed application trends from member schools between the 2007–2008 and 2011–2012 school years, applications to master’s degree programs in business have had some fluctuations recently, but the five-year trend is generally a positive one. The organization looked at master’s programs in traditional, part-time, specialized, accelerated, executive, and distance learning formats.

Among schools surveyed by AACSB in the five-year period, applications were up 18 percent for MBA programs, 9 percent for EMBA programs, and 75 percent for specialized master’s programs. Knowledge Services staff speculate that specialized programs might be experiencing such growth because some corporate recruiters are looking for employees with a particular kind of expertise instead of more general management knowledge.

At the same time, there are wide regional variations in program growth. For instance, applications for MBA programs increased by 13 percent for schools in the U.S., 31 percent for schools in Asia, and 60 percent for European schools.

Because these results come from surveys that have an expanded reach every year, some of the growth can be attributed to a wider participant base. But other factors could be at work, say AACSB staff. Within the past five years, the MBA degree has gained more international recognition, resulting in more applications; in addition, students are increasingly willing to apply to programs outside their home countries in pursuit of a global business education.

In accelerated programs, the change has been more noticeable. While traditional MBA programs across all nations saw a surge of 23 percent, accelerated programs saw a 46 percent jump in applications between 2007 and 2011. For specialized programs, the change was even more dramatic: a 70 percent increase for traditional MBA programs and 133 percent for accelerated programs.

But distance learning programs have experienced an especially impressive jump in applications, which rose by 124 percent for traditional MBAs and 330 percent for specialized programs. This reflects the growing popularity of distance-based programs for working professionals who don’t want to relocate or drop out of the workforce to pursue their educations.

A survey conducted by the Graduate Management Admission Council also indicated that some programs are thriving while others are not doing as well. Last fall’s GMAC 2012 Application Trends survey indicated that 51 percent of the participating programs recorded an increase in applications from 2011, but only some programs were experiencing real growth. For instance, 66 percent of online and distance MBA programs received more applications in 2012 than 2011; 31 percent saw a decline, and 3 percent reported no change.

The picture wasn’t quite as rosy for more traditional programs. Only 43 percent of full-time two-year MBA programs enjoyed an uptick in applications from 2011 to 2012; 51 percent saw a decline, and 6 percent held steady. But these numbers were an improvement over 2011 numbers, when 67 percent of respondents reported a drop in applications.

For full-time one-year programs, 47 percent saw an increase, and 44 percent saw a drop (an improvement over 2011’s drop of 57 percent). For part-time MBA programs, 44 percent reported an increase, while 42 percent reported a drop; for EMBA’s, the numbers were 49 percent and 39 percent.

A PDF of the GMAC 2012 Applications Trends Survey is available at www.gmac.com. Click on “GMAC Surveys” under the “Market Intelligence & Research” menu tab.
NEW APPOINTMENTS

■ Larry E. Penley has been named president and chief academic officer of Thunderbird School of Global Management in Glendale, Arizona. He has been interim chief academic officer and provost at the school since April 2012. He formerly held positions as president of Colorado State University and as dean of the W.P. Carey School of Business at Arizona State University.

■ Chapman University in Orange, California, has appointed Reginald H. Gilyard as the new dean of the George L. Argyros School of Business and Economics. He will replace the retired Arthur Kraft, who had been dean since January 2006. Gilyard is a former partner and managing director in the Los Angeles office of The Boston Consulting Group.

■ Stephen L. Mangum has been named the new dean of the College of Business Administration at the University of Tennessee in Knoxville and will begin his duties March 1. Mangum most recently was senior associate dean at The Ohio State University Fisher College of Business.

■ Cardiff Business School in the U.K. has named Martin Kitchener as its new dean. He was previously associate dean for engagement at the school and has held positions at University of California schools in Berkeley and San Francisco. He replaces George Boyne, who has taken a position in the school’s College of Arts, Humanities and Social Science.

■ Leonard Waverman has been given a five-year appointment as dean of the DeGroote School of Business at Canada’s McMaster University in Hamilton, Ontario. He was recently dean of the Haskayne School of Business at the University of Calgary. He takes his post in the beginning of 2013.

■ On January 1, Deborah F. Spake takes her new role as dean of Kent State University’s College of Business Administration in Ohio. Spake previously served as associate dean and professor of marketing at the Mitchell College of Business at the University of South Alabama. She replaces interim dean Kathryn S. Wilson, who will return to her faculty position in the department of economics.

■ Robert Scherer has assumed his new role as dean of the University of Dallas College of Business in Texas. Scherer was formerly dean and professor of management at Cleveland State University’s College of Business.

■ Dale Funderburk has been named interim dean of the College of Business and Entrepreneurship at Texas A&M-Commerce. He replaces Hal Langford, who will return to the business faculty.

■ Ray Gorman has been named interim dean of the Farmer School of Business at Miami University in Oxford, Ohio. Gorman previously was associate provost and associate vice president for academic affairs and a professor at the university. He replaces Roger Jenkins, who retired at the end of the semester.

■ Barbara Millar has been elected chair of the Board of Trustees for the Executive MBA Council, which is based in Orange, California. Millar is assistant dean of the MBA for Executives Program at the University of Virginia Darden School of Business in Charlottesville.

■ Gregg Goldman has begun his tenure as president of the Western Association of College and University Business Officers for the 2012–2013 academic year. Goldman is senior associate dean for finance and administration and CFO of the USC Marshall School of Business at the University of Southern California in Los Angeles.

NEW PROGRAMS

■ New courses and updated core requirements will reshape the Rollins MBA at Rollins College’s Crummer Graduate School of Business in Winter Park, Florida. Two new courses, Business Communications and Critical Thinking, were created in response to research with local employers. Students in the Professional MBA program also will be required to take two applied courses: the Global Research and Study Project and either Applied Entrepreneurship or Applied Leadership Development. Changes to the curriculum will begin in March 2013.

■ Last fall, international tax and auditing firm KPMG launched the KPMG Business School in Oman. The first offering was a three-week course on International Financial Reporting Standards. The KPMG Business School already operates in many markets and online to offer technical support,
leadership and business skills, and performance development for employees.

GRANTS AND DONATIONS

- **Harvard University** and Harvard Business School in Boston, Massachusetts, have received a US$40 million gift from the James Si-Cheng Chao and Family Foundation. The gift, given in tribute to the late Ruth Mulan Chu Chao, will benefit those who enroll in the school’s MBA and executive education programs. Of the gift, $5 million will be used to establish a fellowship fund that will provide financial assistance to students of Chinese heritage. The remaining money will support construction of a new executive education facility, the Ruth Mulan Chu Chao Center, which is expected to break ground in 2014.

- The **University of Denver’s Daniels College of Business** in Colorado has established the Taylor Family Undergraduate Career Services Center with a US$5 million gift from Andy and Barbara Taylor. Andy Taylor is chairman and CEO of rental car firm Enterprise Holdings; he and his wife are both alums of the school. The money will be matched by the university.

- **Fisher College of Business** at the **Ohio State University** in Columbus has received a US$3.4 million gift from the Bertram L. and Iris S. Wolstein Foundation. The Wolstein Entrepreneurial Leadership Initiative Fund will support a capstone course in entrepreneurial leadership and other initiatives.

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**THE GMAT® REPORT**

**WHO ARE YOUR POTENTIAL STUDENTS?**

The Graduate Management Admission Council offers a wealth of data about GMAT® test takers to help you understand your applicant pool and recruit those who might be the best fit for your programs.

**SCORE SENDERS BY PROGRAM**

**Full-Time 2-Year MBA**

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Source: GMAT score-sending data from July 1, 2011-June 30, 2012, GMAC
The University of Southern California announces a gift from Jill and Frank Fertitta that will create a new undergradu-
ate instructional building and establish an endowed faculty chair at the Marshall School of Business. It also will 
establish an endowed chair in business. The gift represents significant support for the university’s multiyear US$6 million capital campaign. Frank 
Fertitta is the chairman and CEO of Fertitta Entertainment, a resort and casino manage-
ment company.

HONORS

AND AWARDS

■ The 2012 Nobel Prize in Econometrics has gone to Alvin E. Roth of Harvard University in Boston, Massachusetts, and Lloyd S. Shapley of the University of California in Los Angeles. The prize is formally known as the Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel. It is awarded by the Royal Swedish Academy of Sciences. They were recognized for their work in “the theory of stable allocations and the practice of market design.” Their research focuses on the question of how to most efficiently match existing needs with available supplies.

■ The PhD Project, which works to increase diversity in management, has announced the 2012 inductees into its Hall of Fame. They are: Carolyn M. Callahan, KPMG Distinguished Professor and director of the School of Accountancy at the University of Memphis in Tennessee; Ralph Katerberg, head of the department of management at the University of Cincinnati in Ohio; and Thomas J. Lopez, professor and Steven Ross-Hugh Culverhouse Chair of Accountancy at the University of Alabama in Tuscaloosa.

■ Schools and professors specializing in entrepreneurship were recognized in October by the Global Consortium of Entrepreneurship Centers. Honorees include Baruch University and University of Arizona, which won for making outstanding contributions to advance the discipline of entrepreneurship; Kansas State, which won the award for emerging center; Georgetown University, which won for entrepreneurial leadership; Millikin University, for exceptional activities in entrepreneurship across disciplines; Belmont University, for excellence in entrepreneurship teaching and peda-
gogical innovation; Indiana University-Bloomington, for exceptional contributions in entrepreneurship research; and the University of Florida, for excellence in specialty entrepreneurship education. Oklahoma State University was named the 2012 NASDAQ Center for Entrepreneurial Leadership. In addition, two professors received the inaugural legacy award for “pioneering and directing a university entrepreneurship center that created a legacy impact” on the field. They were Rudolph Lamone of the University of Maryland and Gary Libecap of the University of Arizona and the University of California-Santa Barbara.

■ The MBA program at the University of Texas in El Paso was recognized by Excelencia in Education for its success in increasing academic opportunities and improving achieve-
ment for Latino students at the graduate level.

■ The Association of MBAs (AMBA) presented awards at a gala dinner in London last fall. The MBA Innovation Award went to INSEAD of France, Singapore, and Abu Dhabi; the school won for its Sci-Tech Commercialiser MBA, which matches MBA students with scientists working on technological innovations.

COLLABORATIONS

■ The Rady School of Management at the University of California, San Diego, has launched the U.S.-Israel Center on Innovation and Economic Sustainability to promote collaboration among Israeli entrepreneurs and researchers as they bring new technology to market. The center has entered into discussions with four universities in Israel—Hebrew University, Tel Aviv University, Technion, and IDC Herzliya—and plans to collaborate with the UC Berke-
ley Institute for Jewish Law and Israeli Law, Economy, and...
Society, as well as UCLA’s Younes and Soraya Nazarian Center for Israel Studies.

**AACSB International**, headquartered in Tampa, Florida, has partnered with the Kenan-Flagler Business School at the **University of North Carolina in Chapel Hill** to create a simulation called “Up Your Game: A Leadership Challenge.” AACSB and UNC will host a Curriculum Development for Leadership Seminar in Chapel Hill on January 14, and the following day they will hold a “train-the-trainer” workshop addressing practical use of the simulation. AACSB members unable to attend the workshop can access the simulation, as well as an accompanying student workbook and educator manual, online through the AACSB Exchange.

**OTHER NEWS**

- Last fall, **Singapore Management University** launched a renovated career center made possible by a donation of S$3.2 million (about US$2.6 million) from Dato’ Kho Hui Meng. The center houses five interview rooms where students and employers can meet face-to-face or virtually, as well as three training rooms for skills workshops that can be held on-site or streamed over LED televisions.

- **The Darden School of Business** and its Batten Institute at the **University of Virginia** in Charlottesville have redesigned the school’s business competitions. Each fall, Darden students compete in the Entrepreneurship Cup, and this year they will be encouraged to structure their entries around a design-based innovation process. Through cross-disciplinary workshops, they’ll learn the key concepts of visualization, systems thinking, empathy, journey mapping, and reframing. The new structure will be in place during the Effectual De-Risking Competition in February and the Business Plan 2.0 Competition in the spring.

- **Essec Business School** of France has announced plans to build a new campus in Singapore. The five-story campus has been designed by Singaporean architect Liu Thai Ker of RSP Architects Planners and Engineers. The school expects to break ground in February and complete construction by the end of 2014.

More than a decade ago, we established the first partnership between a U.S. business school and the Chinese government on Chinese soil. Collaborating with businesses and government offices, we’re equipping Chinese leaders for an increasingly complex economy.

W. P. Carey graduates include:
- Chairmen of the Bank of Shanghai, Shanghai Airlines and Shanghai Electric Group
- CEOs of the Shanghai Stock Exchange and Baosteel Group
- Vice governors of four Chinese provinces
- Vice presidents of Qualcomm, China Unicom, China Mobile and NEC

Ranked No. 21 **EMBA in the World** by **Financial Times** and No. 18 in **Economics/Business** by Shanghai Jiao Tong University’s Academic Ranking of World Universities, we’re changing the discussion from “What will we do about China?” to “What will we do with China?”

**EMBA in Shanghai | DBA in Global Financial Management | Master’s in Management in Shanghai**

wpcarey.asu.edu
SICK ABOUT UNETHICAL BUSINESS

BY MARK D. PROMISLO AND ROBERT A. GIACALONE
When we were discussing the notorious Ford Pinto case with a recent undergraduate ethics class, we asked whether Ford should have proactively fixed the problems with its Pinto that exploded upon light impact—and if so, why? Immediately a student raised her hand and said, “If it didn’t take care of this issue, Ford would take a hit to its reputation and lose credibility.” Another student chimed in, “Investors would sell their stock, weakening the company’s ability to raise capital and pay dividends.” Yet another voiced his opinion that “Ford would have trouble maintaining a loyal customer base in the future.”

These types of responses were echoed by many other students in the class. Only much later in the discussion did a student raise her hand to say that knowingly selling a dangerous car was wrong because it killed and injured people.

So we raised the stakes by showing the 2003 PBS Frontline documentary “A Dangerous Business,” which examines the actions of McWane Corporation, a manufacturer of cast iron pipes. The company had a shocking record of negligence concerning employee safety. The filmmakers showed one horrific case after another, including instances of workers who were dismembered and even
killed on the job due to unsafe working conditions at McWane’s plants. Employees also were subjected to inhumane treatment. For example, some reported that they were refused bathroom breaks and resorted to urinating in their pants.

This time, reactions from the class were markedly different. One student, who never had shown any emotion previously, became visibly upset upon seeing the graphic photographs of a worker who was crushed to death at the factory. With tears on her face she cried, “Companies cannot let that happen to people!” The documentary was effective because it demonstrated clearly that when companies or individuals act unethically, people can be harmed.

Why don’t students generally see this connection? In part, because few examples of unethical behavior are as extreme as those in the McWane case; after all, most workers don’t die as a result of unethical acts. But another reason is that this is how students are taught to think in business school. Across most curricula, students learn to consider the financial implications of unethical acts, such as the risk of fines, penalties, lawsuits, and damaged reputations. Their professors show how these actions negatively affect organizational outcomes, such as profitability. But little time is spent teaching students that unethical behavior can actually harm employees in tangible, non-monetary ways.

We believe it’s critical for business students to recognize that many types of unethical behavior in the workplace damage people both physically and psychologically. In effect, people get sick because of immoral actions. As educators, we have the responsibility, and the ability, to help students better understand this phenomenon.

**Bad Behavior at Work**

Unethical behavior in the workplace may consist of something as minor as an employee stealing a few pens to something as major as an executive making immoral decisions that directly result in the deaths of workers. In between these extremes lie dozens of unethical behaviors that diminish people’s well-being. Two unethical actions, workplace bullying and workplace discrimination, provide representative examples.

*Workplace bullying* consists of threatening or humiliating behavior; it can be initiated by supervisors and/or co-workers. Bullying can include harmful actions such as isolating employees, belittling them publicly, intimidating them physically, and abusing them verbally. Not surprisingly, victims of bullying suffer from depression, anxiety, stress, and insomnia. In extreme cases, victims sometimes even take their own lives. For example, Kevin Morrissey, a former managing editor of the literary journal *The Virginia Quarterly*, committed suicide after alleged bullying by his boss.

It’s become easier to teach students about the devastating effects of bullying because television and Internet sites have brought prominence to the problem of bullying in schools. Celebrities have worked to promote awareness of the issue, and many of our students have had some experience with it during their years in school—either as bullies, victims, or witnesses to bad behavior. Business professors can use all of these sources to make the connections palpable simply by saying, “Hey, look at what bullying does to kids in school. Wouldn’t we expect to see these effects in the workplace as well?”

*Workplace discrimination* can...
Many types of unethical behavior in the workplace damage people both physically and psychologically. In effect, people get *sick* because of immoral actions.

**Who's Being Hurt?**

When discussing unethical workplace acts, professors and researchers often single out the direct victims as the sole injured parties. While clearly it is vital to recognize the victims, studies have shown that immoral behavior also can lead to harmful effects for others: people who witness it, such as co-workers; people who are indirectly affected, such as family and friends; and even the perpetrators themselves. It is essential that students appreciate the full range of individuals who suffer due to unethical workplace behavior. In our classrooms, we establish that range by putting the spotlight on two types of participants: witnesses or “associated persons,” and those who commit unethical workplace actions.

People who either witness an unethical act or are associated with someone involved in the act can be affected due to their empathy for the victim. For example, an employee might be devastated to see his close friend bullied at work. A husband who knows that his wife is the target of sexual harassment can suffer from anxiety. The child of an abused worker may experience stress because she sees her father return home upset every day. Sometimes co-workers who witness immoral acts not only are traumatized, but they also wonder, “Am I next?”

Making these characters the focus of a lesson can lead to rich discussions in the classroom. We encourage students to describe times they witnessed unethical behavior or were associated with it in some way. We ask questions such as, “Did you ever notice another student cheating on an exam? How did it make you feel?” or “Have you ever seen someone you care about being mistreated? Did you start to feel their pain?” We note that witnessing such behavior introduces another stressful element: People start to wonder at what point they should step in and actively stop or report the action.

Studying the perpetrators is equally valuable, as studies suggest that unethical behavior can have a deleterious impact on the people who engage in it. Workers who commit immoral acts can experience severe shame, guilt, and stress, which can have adverse effects on them emotionally and physically. Whether these people are getting their just desserts for their wrongdoing is not the issue; at times, workers are pressured to do things that go against their own morals. Further, their diminished well-being can have a negative impact on their co-workers, subordinates, managers, and families, as well as the organization itself.

One way to bring this point home is to present guest speakers who have committed unethical acts at work. They can be tremendously effective as they convey the heavy price they paid for their behavior.
For one of our classes, we brought in Walt Pavlo, a former MCI employee who was convicted of wire fraud and money laundering. He spoke passionately about the guilt he still feels and the repercussions of his behavior, both for himself and many others.

In class discussions the next day, one student commented, “Wow, the guy still can’t get a job. That would make me think very carefully before I did something wrong at work.” Another observed, “Even if it helped my career, I just could never do something that went against my conscience. Plus, I think about how ashamed his family must feel.”

Once we’ve highlighted the types of people who are affected by bad behavior, we use role-playing exercises to help students experience what it feels like to be a victim, a perpetrator, a witness, or an associated person. We believe this helps them develop an even deeper understanding of the full effects of unethical workplace behavior. One exercise we have used involves a fictional case of sexual harassment in which a male boss informs a female subordinate that she will never be promoted unless she goes out on a “date” with him.

Participating in this role-playing exercise has produced a wide variety of responses that show that students are starting to understand the harmful effects of bad behavior. A student playing the witness said that seeing the woman being harassed “turned my stomach,” while a perpetrator admitted that he “felt awful having to say those words, and I would have a hard time living with myself.” A victim recounted that she felt “dirty and disgusting,” and an associated person said that feeling empathy for the victim “triggered some of my own painful memories of harassment.” Indeed, what we see is that the simple act of role playing helps students connect viscerally to the experiences of everyone involved in an unethical situation.

**Types of Damage**
Students should learn that while some kinds of unethical behavior at work can have an immediate impact on well-being—such as actions that lead to accidents or physical violence—the consequences of other behaviors might not be so immediate or direct. As a result, their long-term effects—stress, trauma, and poor health behaviors—are often ignored.

Stress arises when people cannot cope with the unethical behavior they have engaged in, been victimized by, or witnessed. Often this stress is tied to negative emotions, such as anger and shame, that are linked to mental and physical problems.

Employees experience trauma when an immoral action that they’ve witnessed, engaged in, or been victimized by challenges their beliefs about how the world operates. For example, Scott Jones, a former employee at the luxury San Diego hotel The Lodge at Torrey Pines, was repeatedly harassed for being gay; he was so traumatized he had to leave the company for health reasons. Some people cope with their distress by taking up unhealthy behaviors such as smoking, drinking, and eating poorly. For instance, one study related the case of a female psychiatric resident who started abusing alcohol after she was bullied by a co-worker and a supervisor.

To get students to “connect the dots” between unethical behaviors and consequences, professors once again can turn to discussion, guest speakers, and role-playing. In
our courses, for instance, we ask students to explore the ways that being a victim of sexual harassment can lead to stress, trauma, and poor health behaviors. We also integrate examples from outside the business world—and outside the ethics classroom—by including doctors, psychologists, and social workers who offer firsthand accounts of how their patients have been damaged because of unethical acts at work. In fact, these individuals have been among our most effective guest speakers.

Finally, we’ve encouraged professors from other business disciplines to discuss the effects of unethical behavior at work. Organizational behavior professors cover issues such as abusive supervision; human resources professors highlight gender-based inequities in compensation; and marketing professors link moral principles to controversial behaviors such as advertising unhealthy foods to children. Within these discipline-specific contexts, students acquire an even better understanding of why it is critical for them to behave ethically at work.

The Payoff

Why should an ethics class take an approach that emphasizes individual well-being? After all, some might say, we’re teaching business, not medicine. Nevertheless, we believe this perspective offers four advantages:

- **It enables students to view ethics in very personal terms.** They learn about the human costs of unethical decisions, which will prompt them to consider their actions more carefully if they encounter bad behavior in the workplace—as they probably will.

Students learn about the human costs of unethical decisions, which will prompt them to consider their actions more carefully if they encounter bad behavior in the workplace—as they probably will.

- **It motivates students to behave ethically for reasons that go beyond moral codes.** Certainly, we would like students to behave ethically because it is the right thing to do. But the truth is that some people engage in ethical behavior primarily to prevent the loss of money or reputation. If such students know that they and those around them can be harmed by bad behavior, they have another incentive to act morally.

- **It corresponds to topics taught in other business disciplines that focus on well-being.** Work stress, for example, has long been an area of interest in management research, and more recently neuroscience has found its way into both marketing and management studies. Thus, making individual well-being a centerpiece of business ethics education enables faculty to incorporate cutting-edge research into their teaching.

- **It opens up new avenues for schools seeking financial support for scholarship.** The focus on well-being creates possibilities that extend far beyond traditional social science research. For example, organizations like the U.S. National Institutes of Health and the National Institute of Mental Health may be receptive to business management research that ordinarily would fall outside their domains. It’s equally important to note that a focus on well-being is interdisciplinary; it enables business faculty to collaborate with their counterparts in psychology, public health, and medicine to develop interesting and innovative methods to ameliorate the damage of unethical behavior.

While making the connection between ethics and well-being can be a fruitful endeavor for business schools, understanding that connection is an essential skill for business students on their way to becoming global leaders. As students begin to see that unethical behavior can make them sick, or make others sick, new motives for ethical and socially responsible behavior will emerge. And perhaps in the future, when professors ask why Ford should have fixed its Pinto, more students will say, “Because human lives were at stake.”

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BUSINESS THROUGH AN ETHICAL LENS
Using an ethics-based self-evaluation tool and a set of simulations, students can clarify their personal ethical outlooks and see their way through ethical quandaries with 20/20 vision.

BY TRICIA BISOUX

In his 17 years as executive director of the Ohio Ethics Commission, David Freel found that ethical lapses in business most often arise not from malice, but from inappropriate self-interest. Whether it’s because their leaders model bad behavior or their organizations offer ill-advised incentives, even good people with good intentions can falter if they lack a solid framework for making ethical decisions.

Freel refers to the example of the sex abuse scandal at Penn State, where several janitors didn’t report what they saw because they feared losing their jobs. “We must get students to realize that they could make the same mistake,” he says. “They need to have a way to see the ethical alternatives available to them, so they can make better decisions.”

Unfortunately, the business curriculum traditionally views ethical behavior as an emotional response, not a decision-making strategy, says Freel, now a lecturer in management and human resources at The Ohio State University’s Fisher College of Business in Columbus. “We teach students decision-making frameworks for human resources, law, and finance, but when it comes to ethics, there’s this notion that we should rely on our gut instincts,” he says.

That’s why educators like Freel have turned to two classroom tools provided by EthicsGame, a company based in Denver, Colorado. These tools present the study of ethics to students in terms of strategy, not just conscience. The first, the Ethical Lens Inventory (ELI), is an online self-evaluation exercise that helps users identify their personal values and understand how those values affect the decisions they make. The second is a set of interactive simulations that ask students to analyze and make decisions in a variety of ethical situations.
EthicsGame was founded by Catharyn Baird, professor emerita of business at Regis University in Denver, Colorado. Baird says she designed the suite of online exercises and simulations because she wanted to offer her students a method for ethical decision making that tapped into their own belief systems, without getting them bogged down in complex ethical theories.

Baird designed the tools to advance students’ “ethical maturity” throughout their educations. Freshmen, for instance, can start with the ELI to identify the beliefs they acquired from their families as children and choose which beliefs they want to keep as adults. Seniors, on the other hand, can use the tools to explore how they want to apply those beliefs to their professional lives. Graduate students can see how they can integrate the value systems they’ve honed over the years into their approaches to leadership.

In many ways, Baird says, the ELI and other EthicsGame learning tools complement the Giving Voice to Values curriculum developed by the Aspen Institute Business and Society Program in New York City and the Yale School of Management in New Haven, Connecticut. Directed by Mary Gentile of Babson College in Babson Park, Massachusetts, Giving Voice to Values focuses on helping students develop the courage to speak up when they see unethical behavior. (See “Voicing Values, Finding Answers” in the July/August 2008 issue of BizEd.) “Mary’s work offers a foundation for teaching students how to have shared conversations about ethics,” says Baird. “My work offers a foundation for ethical decision making after those conversations take place.”

**The Four Lenses**

Baird argues that every person views the world through one of four ethical perspectives, or “lenses.” The ELI gives students a way to determine which lens most represents their own outlook. It also helps professors delve into ethical principles without having to teach students complex philosophical treatises on morals and the human condition.

The ELI’s framework is based on sets of core values that are in constant tension with one another: autonomy (the rights of the individual) fights with equality (the good of the community), and rationality (reason/head) fights with sensibility (intuition/heart). The four lenses, which each combine two of these values, include:

- **The Rights/Responsibilities lens**, for those who emphasize individual rights and rely on rational thought to make decisions. Those in this category value respect and hope their work benefits others, the deontological view of ethics shared by German philosopher Immanuel Kant.
- **The Results lens**, for those who emphasize individual rights and rely on emotion and intuition to determine the right course of action. Those in this category value mutual respect and individual responsibility, the utilitarian view of British philosopher John Stuart Mill.
- **The Relationship lens**, for those who emphasize the rights of the community and rely on emotion and intuition. Those who view the world through this lens value fairness and want to empower the powerless, similar to the justice-based view of American philosopher John Bordley Rawls.

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**We teach students decision-making frameworks for human resources, law, and finance, but when it comes to ethics, there’s this notion that we should rely on our gut instincts.**

— David Freel, Ohio State University
The Reputation lens, for those who emphasize the rights of the community and rely on rational thought. Those in this category value compassion for others, similar to the view of Aristotle and Scottish philosopher Alasdair Chalmers MacIntyre.

The ELI consists of 36 pairs of words or statements. Students choose the option in each pair that they believe most applies to them. For instance, do they prefer to work alone or as part of a team? Do they prefer to think through a problem first or jump in and see what happens? Their answers determine which ethical lens they use the most.

Tara Ceramic of the University of San Diego’s College of Business in California uses the ELI in her undergraduate course “Business and Society.” After her students complete the ELI, she asks them to plot their individual results on the EthicsGame chart that illustrates the four-lens concept (see the chart on the next page). Inevitably, many students are astonished at how different their views of the world are from the views of their classmates, says Ceramic. The conversation about understanding and appreciating ethical diversity begins in earnest from there.

“Most of my students have never discussed why other people make the ethical decisions they do,” she says. Seeing the scatterplot of their classmates’ ELI results against their own makes them realize that there are different ways to look at the same problem, says Ceramic.

With further discussion, students also learn the weaknesses that their ethical lenses are prone to—such as selfishness, greed, or subservience. With that awareness, they can learn strategies to avoid the decision-making pitfalls common to those who view ethics through a particular lens.

“It’s important for them to ask, ‘How far can I express my autonomy as an individual? When must I bend my will to the community?’” says Baird. “They must make sure that the individual and the community are always in dialogue.”

Educators’ Take on Ethics
EthicsGame recently conducted a survey of U.S. educators in their database to discover approaches to teaching ethics. Of the 2,007 professors who responded, 34 percent were from the nursing field, 32 percent were from business, 18 percent from education, and the rest from other fields. Here is a sampling of findings:

Universities should teach ethics.
91% strongly agree

Ethics can be taught.
78% strongly agree

Why teach ethics?
“Because it’s necessary”
49%

“Because it’s required”
18%

Why 8 percent of respondents don’t teach ethics:
Don’t know how
28%

Find the topic irrelevant to their courses
30%

Other reason (taught elsewhere, too subjective, not enough time)
42%

“If a school’s marketing professors and accounting professors and strategy professors aren’t telling students that ethics is important, that’s basically telling them it’s not.”
— Tara Ceramic, University of San Diego
would agree on the best answer, Baird explains. However, many questions challenge students by requiring them to choose answers based on ethical lenses different from their own.

■ **Hot Topics Simulations.** This tool includes more than 120 case studies based on real-life scenarios culled from news stories, court cases, or experiences from business leaders. Unlike the dilemmas in the Ethics Exercises, those presented as Hot Topics challenge many students’ assumptions that ethical dilemmas come in obvious forms—such as embezzlement or fraud—and have clear “right” or “wrong” answers. The EthicsGame simulations are designed to show them that ethical dilemmas are rarely so cut-and-dried in the workplace, says Baird.

For instance, in “The Case of the Veiled ID,” a company’s female Muslim employee wears a veil that covers her entire face, because her religion prohibits her from revealing her face to any male other than her husband. After a former employee breaks into its offices, the company wants all employees entering the building to show a photo ID to security personnel, all of whom are male. Should the woman be forced to remove her veil for her photo?

In “The Case of the Mangled Miracle Drug,” a company develops a cure for HIV, but its latest batch of the drug becomes contaminated. Knowing the drug can still save lives, a minister of health for an African nation is willing to buy the drug, fully aware of its contamination and willing to disclose its status and potential side effects to patients. What is the most ethical course of action?

One of the game’s newest cases involves a practice just recently being covered by the media—the process of hydraulic fracturing, or fracking, that energy companies are using to extract natural gas from underground layers of shale.

Students react especially emotionally to the case involving the miracle drug, because they don’t like the choices they have to make, says Baird. In the fracturing case, students must balance people’s need for clean drinking water with the country’s need for energy independence. “In all of these cases,” she says, “it’s not clear what the right answer is.”

■ **Core Values.** Most often used in graduate-level courses, Core Values is a semesterlong writing-intensive team-based simulation. Students each take on a leadership role within their teams, and each team then creates a profit-and-loss statement for a fictional biotech company based on its members’ individual and collective decisions. Throughout the simulation, students are exposed to issues relating to discrimination, conflicts of interest, corporate governance, corporate social responsibility, and international business.

It’s important for students to ask, “How far can I express my autonomy as an individual? When must I bend my will to the community?” They must make sure that the individual and the community are always in dialogue.

— Catharyn Baird, EthicsGame
For both Hot Topics Simulations and Core Values, Baird developed a decision-making model that takes students through a five-step decision-making process: data gathering, to discover the facts and individuals involved; contextualizing, to determine what values are at stake; analyzing, to decide how the four ethical lenses apply to the case; acting, to make a decision they believe leads to the greatest good; and reflecting, to discuss how that decision reflects their core values.

Ceranic uses both the ELI and the simulations in her MBA course, “Ethics, Values, and Corporate Culture.” She also requires students to write papers that document their reactions to being forced to use ethical lenses other than their own. “This exercise shakes students out of their comfort zones,” Ceranic says.

Freel of the Fisher College uses the ELI and the Giving Voice to Values curriculum in his undergraduate and graduate business ethics courses. He agrees that if students are to become great leaders, it’s crucial that they appreciate how others might approach the same situation from different but equally viable ethical perspectives. “It’s the ability to compare and contrast perspectives,” he says, “that will help them make the best decisions.”

Real-World Ethics
Once students are exposed to the EthicsGame tools, they can apply what they’ve learned in the real world. Freel, for example, asks students in his MBA-level course “Business Ethics” to analyze articles, complete group projects, discuss ethics stories recently in the news, and write papers in response to two guest speaker presentations on ethical dilemmas.

“IT’s important to demonstrate to students that no one is above bad behavior, not even themselves. They have to realize that it’s ‘there but for the grace of a higher power go any of us,’ whether it’s the scandal at Penn State, robo-signatures on home mortgages or phone hacking at News of the World,” says Freel.

We must demonstrate to students that no one is above bad behavior. They have to realize that it’s “there but for the grace of a higher power go any of us,” whether it’s robo-signatures on home mortgages or phone hacking at *News of the World*.

— David Freel, Ohio State University

EthicsGame Takes the Oath

EthicsGame founder Catharyn Baird recently partnered with The Oath Project, an independent think tank on ethics housed in the Lincoln Center for Ethics at the Thunderbird School of Global Management in Glendale, Arizona. The goal of the partnership is to incorporate into the game’s simulation an oath for business professionals that was created by The Oath Project.

In its next version, certain words of the oath—or “capture words”—will appear alongside the most ethical outcomes for each dilemma presented by the EthicsGame simulations. “There’s a word in each line of the oath that captures its essence,” explains Debra Wheat, executive director of The Oath Project. The capture words will link back to the oath itself. The game also will provide a sidebar that explains the meaning behind that line in the oath.

The eight-point oath is the collective vision of business academics, business leaders, and leaders of the World Economics Forum. It is meant to be the “gold standard” of an ethical code for business practitioners, explains Wheat. Schools and organizations are invited to use it as written or adapt it to their needs, in much the same way nurses and pharmacists have adapted the Hippocratic Oath for doctors to the specific aspects of their professions.

“We see this as both a structured and a grassroots way to integrate a code of conduct into the MBA curriculum,” says Wheat.

The integration of the oath into EthicsGame’s products will broaden the context for the ethical framework of the simulation, says Baird. “The simulation helps students focus on their values as individuals,” she says. “The link to the oath connects them to how those values are expressed in their professional roles.”

The Oath Project was founded by Nitin Nohria, dean of Harvard Business School in Boston, Massachusetts; Rakesh Khurana, professor of leadership development at Harvard Business School; and Ángel Cabrera, now president of George Washington University in Fairfax County, Virginia, and former president of Thunderbird. To read the full text of the oath or learn more about The Oath Project, visit www.theoathproject.org.
He also brings up positive examples, such as Target, which sets annual goals for corporate social responsibility, from increasing its sustainable seafood selection to using more sustainable packing for its store brand products. Each year, the company issues a report that makes those goals public, as well as graphs that show its progress on achieving the previous year’s goals. “As educators, we sometimes spend so much time focusing on negative ethical examples that we don’t talk enough about the positive examples,” says Freeland.

Ceranic asks her undergraduate students to give presentations analyzing articles they’ve read about current real-world ethical dilemmas in business using concepts they’ve learned in the class.

One popular topic students chose for their presentations last year was the Taiwan-based electronics manufacturer FoxConn, which has admitted to using child labor and has faced scrutiny for possible mistreatment of employees. “Before this class, it’s not that students wouldn’t have seen FoxConn as an ethical issue,” says Ceranic. “It’s that they wouldn’t have been paying attention to FoxConn, period.”

Ceranic’s MBA students spend the semester working with San Diego companies to assess the effectiveness of their ethics policies—or help write them if none exist. Some student teams work with startups whose busy founders have not yet had time to write codes of conduct. Other teams work with large companies with ethics policies that haven’t been updated for years. In that case, students make leaders aware of how ethical norms have changed, help them revise their policies, and emphasize how important it is for employees to regularly see those policies in action.

“This work shows them I’m not just standing up in a classroom talking about hypothetical topics that aren’t important. They see that this stuff matters.”

— Tara Ceranic, University of San Diego

Can Ethics Be Taught?
In the past, says Baird, many educators believed that if they exposed their students to ethical role models, their students would be inspired to act ethically in their careers. But once in the workplace, business graduates are as susceptible as anyone else to peer pressure, misguided corporate incentives, and intimidation in the face of authority. “We need to do more to prepare students to make the most ethical decisions in the safety of the classroom, before they move forward,” she says.

Standalone courses on ethics are valuable, Ceranic adds, but they don’t go far enough to make an impression on students. “If a school’s marketing professors and accounting professors and strategy professors aren’t also telling students that ethics is important, that’s basically telling them it’s not,” she says. “The less siloed ethics is in a curriculum, the better off students will be.”

That brings everything back to the big question: Can ethics be taught? Well, yes and no. These educators agree that professors can’t drastically shift students’ personal values, which have been instilled in them since they were born. But they can heighten students’ awareness of how those values can and will affect the decisions they make once they enter the workforce—for better or for worse.

What is the perceived need?*

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*from EthicsGame’s survey of educators
And four schools that are finding ways to reward them for their enthusiasm.

By Sharon Shinn

Research is the lifeblood of any business school, and administrators often look for creative ways to disseminate information about their faculty members’ scholarly work. But these days, more business schools are putting special emphasis on getting students involved in research initiatives. In some cases, students are learning about the findings of their professors; in other situations, they’re presenting their own work.

It’s not uncommon for universities to hold campuswide research fairs, where MBA and PhD students from all disciplines can create and display poster boards illustrating their research efforts. (See “Getting ‘REDay’ for Research” on page 72 of the January/February 2012 issue.) But the four schools profiled here have designed their own unique approaches to strengthening the ties between business students and research. It seems clear that, if students grow interested in faculty work—or, better yet, adept at refining their own scholarly efforts—the next generation of business leaders will be enthusiastic about the benefits of research, whether they’re generating it themselves or applying it to their own real-world enterprises.
Publish and Flourish
The Olin Business School at Washington University in St. Louis, Missouri, wanted to find a vehicle that would promote its faculty research to alumni and the general business community. Five years ago, the school had launched an internal competition, the Olin Award, to reward faculty research that had real-world relevance. While the US$10,000 prize was plenty of recognition in and of itself, school officials wanted to spread the word more broadly.

“We also wanted to highlight the many other papers from the competition that the judges deemed relevant and applicable to business managers,” says Melody Walker, director of communications for the Olin School and editor of OlinBusiness, the school’s alumni magazine.

Coincidentally, Walker had recently been approached by MBA student Melody Chang, who was interested in writing for OlinBusiness. Together, they devised the idea of creating a small printed publication, written and produced by students, that would summarize current faculty research. Because they planned to feature research that had strong applicability in the real world, they chose the name Praxis, which relates to putting theory into practice.

“We proposed the idea to the dean as a project that would allow our three major stakeholders—students, faculty, and business practitioners—to intersect. It would also provide a vehicle for disseminating Olin Award research,” says Walker.

Next, Walker and Chang recruited additional students to work on the publication. All three students were from the MBA class of 2012 and all had writing and/or design skills: Chang had worked for the college newspaper at Yale; Susan Daker had graduated from Northwestern’s journalism program; and Ali Malik had discovered graphic design while at New York University. Together they produced the inaugural edition of Praxis, although Walker and faculty members also reviewed and approved articles.

The publication’s 16 pages featured write-ups about five different research projects being conducted by eight faculty members. Each write-up was limited to 400 words and fit on one full page, facing a page of black-and-white photographs of the researchers.

In deciding which pieces of faculty research to highlight, Walker and her student team began with the entries for the Olin Award. “By submitting to the competition, faculty had already self-selected their papers as being timely and of interest to practitioners,” says Walker. “To narrow down our choices, we took into account the scores and the judges’ comments. We also got input from the dean of faculty, who is familiar with all the research.”

The school tested the first edition of Praxis by gluing it into the fall 2011 issue of OlinBusiness. The publication was mailed to more than 20,000 stakeholders around the world, including alumni, corporate partners, and business school deans.

A survey of readers generated very positive responses to the publication, with readers requesting more detail about the featured research. Walker almost immediately began making plans for a second issue, to be distributed in fall 2012. The new issue was underwritten by Richard Mahoney, retired chair and CEO of Monsanto and executive-in-residence at Olin.

Additional copies were printed for distribution to key stakeholders. For instance, the dean’s office handed out Praxis to new faculty recruits, the alumni and development office gave copies to potential donors, and staff from the corporate relations office shared the publication with executives from companies interested in partnering with Olin faculty on research projects.

Praxis is a small printed publication, written and produced by students, that summarizes current research by Washington University faculty.
as long and included helpful charts and tables, as well as interviews with the featured professors.

Second, normal student turnover meant Walker needed a mostly new staff. Daker stayed on for the second issue and mentored the new volunteers, who were recruited from the MBA class that entered in the fall of 2011. These include an English major from the U.S. and a photographer/videographer from China. “I hope the recruiting will self-perpetuate and maintain momentum from year to year,” says Walker.

Third, the schedule was revised somewhat to make production of the 2012 issue run more smoothly. “MBA students are very busy, and coordinating with them was challenging, especially over the summer when they were off in three directions for internships,” Walker says. “In 2012, the goal was to complete all the reporting and writing before summer break!”

Fourth, a small payment for the student workers was added to the budget. While the students initially did the work on a volunteer basis, dean Mahendra Gupta was so pleased with the final product that he granted a small bonus for each staff member. “The amount we gave them was still far below what we would have paid to freelance writers and designers,” Walker points out.

The 2012 edition also featured more vivid visuals created by a professional design team. In the future, Walker hopes to create a micro Web site where faculty research can be presented year-round, in addition to the annual print publication.

What didn’t change was the level of involvement of the MBA students, whom Walker views as the ideal choices for communicating their professors’ work. “Students are the next generation of business managers and leaders,” she says. “They are going to be on the front lines of the global economy. They have a vital stake in how to solve problems, improve performance, and seek best practices. I see the students as a bridge between the academic/research world of their professors and the managers in the global marketplace. That means that they’re perfectly placed to examine the research and ‘translate’ it into practitioners’ language.”

She continues, “Praxis truly illustrates our mission statement: Create knowledge, inspire individuals, and transform business.”

The Rewards of Research
In a similar fashion, a research competition was the focus of a new initiative at Temple University’s Fox School of Business in Philadelphia, Pennsylvania, but this one was organized around students. In the fall of 2011, Fox hosted its first schoolwide awards competition to recognize students, who competed for monetary awards by presenting their research in one of four categories—dissertation, dissertation proposal, second-year research paper, and first-year research proposal. In addition, any student who had published in top-tier journals while in the PhD program was eligible to win the Dean’s Outstanding Publication Award.

“The idea was that we wanted to organize the findings of PhD students, make them more visible, and also highlight the faculty who were working with the students,” says Paul A. Pavlou, who helped plan the competition and awards. He is director of the PhD program, Stauffer Senior Research Fellow, and associate professor of management information systems, marketing, and strategic management.

“More broadly, the objective was to encourage the students and faculty to work together to produce high-quality research.”

The competition was organized as an event where students presented their ideas to an audience of about 80 PhD students, 30 faculty members, and top administrators from the Office of Research. In each category, winners were decided by a five-person committee: four faculty from across the Fox School, as well as ex-officio members from the research administration, including the dean, vice dean, associate dean, and vice provost. Committee members scored entries from zero to ten on four measures: originality, quality, rigor, and presentation.

“The voting mechanism was both a numerical tally and, if there was any disagreement, a subjective declaration,” says Pavlou. “Scoring was done on the fly, which made for a more exciting event. Before we started the next presentation, we gave the results of the previous one.”

Vying for the awards were 12 entrants representing all areas of the Fox School. They had been nominated by faculty in each of
Fox’s eight PhD-granting departments. Among the 12 contenders were two each in the dissertation and proposal categories, three in the first-year category, and five in the second-year tier. “There is a second-year paper requirement at the school level, so it stands to reason that we had the most entrants in that category,” says Pavlou, who notes that the competition was tiered to encourage students to compete at each step in their PhD work. “The number of entrants was close to my expectations, but I wouldn’t mind having 20 or even more.”

The top three winners took home prizes of $500, $250, and $100. They were also announced publicly and received plaques at the school’s annual Research Roundtable. Says Pavlou, “The Research Roundtable is quite prestigious, so it was encouraging for PhD students to be recognized there.”

The Dean’s Outstanding Publication Award carried a prize of $1,000. Although there was a single winner in 2011, Pavlou says any future PhD student who publishes in a top-tier journal will win the same amount. “I would be very happy if we had at least one winner in this category every year,” says Pavlou. “Our dean, M. Moshe Porat, has joked that he would be willing to go bankrupt to provide this money in recognition of top publications by our PhD students.”

He believes that the competition inspired students—those who did and didn’t win—to think more deeply about their research and how they conduct it. “We hope that the students who were not selected to compete at the school level will be challenged to refine their ideas, further enhance quality, and pursue additional exciting research avenues.”

Another benefit of the competition, he notes, is that it helped students think about how their research might be applied in the real world. “One of our criteria for evaluating the presentations was judging whether the research could have broad impact—that is, whether it could have relevance to the community, to society, to business, and to organizations,” he says.

The competition also gave students practice explaining their ideas to people outside their own departments. Says Pavlou, “Because our students were making presentations to a large interdisciplinary audience, they had to convince people from other disciplines—such as management or accounting—why their research was so meaningful. This took them a step away from their comfort zones.” He feels that students might experience even more benefits if they were to make their presentations to the general public.

The Fox School plans to make the competition an annual event, “as it coincides nicely with our program requirements,” says Pavlou. He expects to make only minor changes in the future, such as recognizing the faculty mentors whose students win awards. “We did mention their names when the student winners were announced, but we’d like to give them a corresponding award,” he says.

He would also like to see the number of competitors go up—ideally to 32, with each PhD-granting department offering one entrant in each of the four awards categories. He adds, “We want to reward top students and encourage all PhD students to aspire to conduct better research. We also want them to become more comfortable presenting their work in front of large audiences, which isn’t easy to do.”

Pavlou envisions the awards competition gaining in prestige and importance in the coming years, saying, “We hope it will become a highlight of the Fox School’s PhD student experience.”

Food and Feedback
Student researchers also are the stars at a series of weekly research presentations at Cambridge Judge Business School at the University of Cambridge in the U.K. Since 2007, the school has been holding “research lunches” every Thursday afternoon when school is in session. On average, about 20 students and five faculty members attend the events, which are sponsored and paid for by the school.

Last year, the lunches were arranged by PhD candidate Magda Hassan, who says the coordinator begins lining up presenters three
weeks before the start of each new term. Students are usually eager to sign up for slots because “it gives them a chance to get feedback on their research in a friendly environment,” she says.

It’s also essential for students to present at the research luncheons if they want to be eligible to receive school funding for travel to international conferences. Generally, Hassan assigned presentation slots based on a first-come, first-served basis, but she would make an exception for a first-time presenter who needed to make a luncheon appearance in order to be eligible for funding.

“Students can present as often as they want as long as they don’t take a slot that could be used for someone who has never presented before,” she says. Hassan believes that these lunches help students achieve three important objectives. First, students improve their presentation skills by describing their research before an audience in a low-pressure environment. Second, they develop new perspectives on their work by receiving feedback from colleagues and faculty from different backgrounds. Finally, by listening to other presenters, they learn more about other research being conducted and new methods they could employ. In the process, they may meet others with similar research interests who might become co-authors in the future.

The lunches also help students learn how to present their research in a way that makes people from different disciplines understand it,” Hassan says. She thinks the events are even more valuable for students when faculty are deeply engaged. For that reason, a number of the recent lunches have also encompassed skill-based sessions presented by Judge professors. These included topics such as how the peer-reviewed journal process works, how to create a research focus, and how to present at academic conferences.

“Engaging faculty raises their awareness of the lunches and their importance,” says Hassan. “This ensures that they keep an eye on what’s happening at these sessions.”

‘No Free Lunch’

Lunches are also the venues for an ongoing research forum held at Columbia Business School in New York City. But at these events, the professors are the ones in the spotlight. In the No Free Lunch Seminar Series, launched in September 2010, MBA and PhD students, as well as undergraduates and some prospective students, attend lunchtime sessions to hear faculty discuss their in-progress research.

The seminar series is part of a larger initiative, the Program for Financial Studies, which offers events and outreach programs that promote interdisciplinary financial studies and inspire students to reach their career goals. The initiative was developed by Laurie Hodrick, the A. Barton Hepburn Professor of Economics in the Faculty of Business.

The goals for the No Free Lunch seminars include bringing “students closer to the kind of cutting-edge analysis and exploration being undertaken by their own professors, to reinforce the bridge between theory and practice, and to catalyze students’ own thinking and curiosity,” says Hodrick. “The events also provide students with the opportunity to access unpublished academic research and to interact with their professors in a different setting.”

Sixty students attend each one-hour luncheon, where three faculty members take turns giving 15- to 20-minute presentations on their current research. Presentations are followed by Q&A sessions and audience discussion.

During the first two years of the program, 30 faculty and 600 students participated in ten luncheons. To attend the seminars, students must sign up in advance for the available spots, and they must move quickly: It’s usually only a few hours before the seminars are filled to capacity.

Those who secure a seat tend to be pleased with the experience. “We survey attendees at each seminar,” says Hodrick. “Almost 98 percent have found their specific events very worthwhile, and more than 85 percent intend to access the research content we make available online.”

The overwhelmingly positive response makes it difficult to tell if
any topics are particularly big draws, but Hodrick has used Web hits to analyze which subjects might spark the most interest. Popular seminars have covered hedge funds, private equity, and sovereign wealth funds.

“There is tremendous appetite for timely and accessible original research, and a seminar series like this provides a great opportunity to deliver this research to many audiences simultaneously,” says Hodrick. “We intend to continue to offer these seminars in perpetuity.”

Best Practices
These four schools are taking very different approaches to encouraging students to develop an interest in scholarly research. Even so, administrators have common advice to offer to any other school wanting to devise its own path to the same goal:

1. Create enthusiasm across stakeholders. Walker notes that the first issue of the Olin School’s Praxis had benefits for everyone connected with the publication. “The students were inspired by their teachers. The faculty were proud of the students. And our alumni and community partners benefited from the new knowledge that was provided.”

2. Make it big. Fox’s Pavlou suggests involving top administrators like the dean and provost, and handing out monetary awards if that’s appropriate. In Fox’s case, he says, “The administration’s attitude toward the competition makes it clear how deeply the school is committed to the PhD program.”

3. Cover the expenses. If the school is having an event involving food or drink, says Hassan of Cambridge, it should pay for the refreshments as one way to encourage healthy participation.

4. Offer a digital version. Alternate versions of Praxis are available in PDF and flipbook formats on Olin’s Web site and iPhone app. Information from Judge’s research lunches is provided on the school intranet. Videos of Columbia’s No Free Lunch seminars are posted on the Web site of the Program for Financial Studies, along with links to the professors’ research. “This allows all of the school’s internal and external constituencies, as well as the general public, to have easy access to the applicable research,” says Columbia’s Hodrick.

5. Make it interdisciplinary. The competition, the presentation, and the publication are all more exciting when writers and speakers have to win the attention of audiences outside their own disciplines. Pavlou admits that it can be tough to judge the merits of, say, an accounting dissertation compared to a management one. But he adds that it’s essential for professors and researchers to understand each other’s work. “Society doesn’t necessarily delineate between accounting or information systems or management. Society thinks about broader effects, and so do we.”

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Millsaps College transforms a renovated home in the heart of the Yucatán Peninsula into a bustling center for international study.

BY TRICIA BISOUX

The first rule of real estate is “location, location, location.” And what’s true for real estate is also true for global business programs, especially when it comes to establishing a center for study in a foreign market.

Location was top of mind for administrators at the Else School of Management at Millsaps College in Jackson, Mississippi, when they purchased and renovated a single-story residential home in Merida, Mexico, in early 2006. Merida, the capital city of Mexico’s Yucatán Peninsula, has a population of just over 970,000 and sits 35 miles from the southern coastline of the Gulf of Mexico. The school transformed the structure into its Center for Business and Culture—otherwise known as “Casa Millsaps.”

With destinations such as Europe, Asia, and the Middle East so popular among business students, the Yucatán might not be the first choice for schools that want to establish a facility in another country. But for the Else School, Casa Millsaps in Merida has proven to be not just an affordable investment, but a source of enriching educational experiences for students and faculty across the entire college.
A Different Direction
About ten years ago, Else administrators realized that the school’s global study programs were becoming increasingly popular. They began to set aside funds to purchase property overseas so that they could offer global experiences to students more affordably and conveniently. “We thought it would be smarter to invest in a property, rather than hotel rooms,” says Harvey Fiser, associate professor of business law.

They wanted to purchase a building that could provide both living accommodations and classrooms, as well as offer the potential to generate revenue in the future. But when administrators looked into purchasing property in Europe, where Else faculty have been taking students for more than 20 years, the cost turned out to be too great. “We were simply priced out of that market,” Fiser says.

With Europe off the table, the school turned its attention to Mexico. Else’s global study programs in the Yucatán were much younger than its programs in Europe—in place only since 2002—but the destination’s popularity among students had been steadily growing. Even better, the cost of real estate in the Yucatán was well within the school’s budget. Faculty spent several months exploring Merida, to decide whether to choose a site in the suburbs or in the city’s center. In the end, they purchased a home in the city’s center, where students would be close to local amenities and bus routes.

The property sits on a cul-de-sac, near a judicial office building, two small commercial facilities, and several single-family homes. After ten months of renovations, Else opened Casa Millsaps to students and faculty in December 2006.

Since then, the school has added a second story to the structure and part of a third. Casa Millsaps now has nine bedrooms, nine and a half bathrooms, a small swimming pool, and a third-floor terrace. The air-conditioned facility also features a dining hall that seats 25, a conference room/classroom that seats 20, wireless access, and a flat screen television.

Building within Merida’s zoning codes turned out to be much simpler than it would have been in a European city, says Fiser. Under Merida codes, the school had no trouble establishing an educational center in a mixed-use neighborhood.

Another advantage of the location is the “unparalleled safety” of the region, says Fiser. The crime rate in the Yucatan is lower than it is in the rest of Mexico; in fact, Fiser notes that crime rates compare to those in Wyoming or Montana. That information tends to ease the concerns of worried parents, he adds.

For More Than Business
The center now achieves Else administrators’ original goal: to simplify Else’s study programs in the region. During winter and summer breaks, for example, Fiser travels to the Yucatán with undergraduate business students who take global business courses that range from international business law to marketing and management. Students can see the impact of international trade firsthand through their visits to the large number of farms and factories in the area. (See “A Day in Merida,” page 46.)

During the summer, the Else School also uses the center as part of its International Cultural Awareness Program (ICAP) for high school seniors from across the U.S. In ICAP, students visit Millsaps College for five days, where faculty introduce them to the international aspects of disciplines such as economics, accounting, anthropology, archeology, and geology.

Then, ICAP students travel to the Yucatán for a week to put what they have just learned into action. They visit factories, farms, and archeological sites. One highlight
of their trip is a visit to Kaxil Kiuik (pronounced ka-sheel kee-week), a 4,500-acre biocultural reserve. Supported by Millsaps College, Kaxil Kiuik is located in a dry tropical rainforest, where there is little to no rainfall for six months each year. At the reserve, students observe archeological excavations, learn about local plant and animal species that can survive the dry season, and spend the night in hammocks in the middle of the rainforest.

But Casa Millsaps also serves Millsaps College as a whole. For instance, the school hosts alumni events at the center. Last spring, the college launched a semester-long program in the Yucatán for arts and sciences students, who travel to the facility to study Spanish, as well as Mexico’s history, art, and culture.

In addition, the Else School leases the facility to other universities for educational programs, to corporations for business retreats, and even to families for vacations. Every year, the center is the location for continuing education activities for lawyers and accountants. A Midwestern university recently leased the space for 22 of its physical therapy students, who used the center as their home base as they conducted outreach programs to the local population. A southern university sent its biology students there for the opportunity to study the jungle in the region.

“The Yucatán is a rich area for archeology and anthropology” as well as business, says Fiser. “That makes the house the perfect home base for biology students who want to study different plant and animal species or archeology students who want to visit Mayan ruins. It doesn’t rain for six months in that area, so it’s an interesting place to study for those interested in conserving water resources.”

**A Day in Merida**

Courses held at Casa Millsaps in Merida, Mexico, have become extremely popular electives among undergraduates at the Else School at Millsaps College. Covering topics such as international law, cross-cultural management, and global business, the 15-day courses are held during winter and summer breaks. Each course accommodates 10 to 14 students and regularly fills to capacity.

Students pay US$3,500 plus airfare to attend the program and receive four hours of undergraduate credit that can be applied toward a concentration in global studies. Although proficiency in Spanish is helpful, courses in Merida are held in English and interpreters are used when necessary.

Students prepare for their trips to the Yucatán with required readings on the economy and culture of the region. Once in Merida, students spend two days acclimating themselves to the city. After that, each morning they take a three-hour class related to a regional business topic. Then, in the afternoon, they visit locations relevant to their morning discussion, including local farming operations and maquiladoras, assembly-line manufacturing facilities that operate under the North American Free Trade Agreement (NAFTA).

Most often owned by American, European, or Asian entities, maquiladoras (maquilas, for short) offer students the opportunity to see the global import-export market at work, says Harvey Fiser. “There’s a special law in Mexico that has set up the maquilas to be tax-free zones. Maquilas operate under specific licenses that allow them to import materials from the United States, fabricate those materials into products, and then ship those products back to the States,” he says.

On recent tours, for example, students have visited VF Corporation, a facility that manufactures jeans for Lee, Wrangler, and Nautica. The company imports raw denim from the U.S., and then ships the material back over the border as designer jeans. Students also have toured Ganso Azul (“Blue Goose”), a sewing factory that makes uniforms for law enforcement. Gus Gordon, CEO of Ganso Azul, visited Casa Millsaps before the tour to show students the company’s financial spreadsheets and explain how lean manufacturing works.

Executives from Stuller Industries, a gold jewelry manufacturer with a plant in Merida, bring raw gold to the classroom and discuss their processes, before students tour the factory to see the workers designing the pieces, scraping the gold, and setting the diamonds.

“It’s very hands-on,” says Fiser. “One student told me that he had studied corporate financial sheets in class, but it hadn’t meant much to him. But after he saw Ganso Azul’s financial spreadsheets and heard Gus Gordon speak, he said ‘the light bulb came on’ and he truly understood how all of the pieces of just-in-time manufacturing fit together.”

**Return on Investment**

The time and money the school has spent on the facility have more than paid off. The Else School originally paid US$90,000 for the property and $135,000 more for renovations, placing its total investment in the property at around $225,000. Over the last five years, the facility has become self-sustaining through student tuition, corporate leasing fees, and rising property values, Fiser says. The school’s next goal is for Casa Millsaps to generate enough revenue to support student scholarships and faculty development.

Establishing a cultural center in the heart of Merida, where students are exposed to a wide range of enriching educational experiences, turned out to be the perfect global strategy for the Else School. It could be a model for other business schools with limited budgets, says Fiser. “Students think that Europe is so fun and sexy,” he adds. “But even those who’ve been to Europe come back from our center in Mexico and tell the other students, ‘You’ve got to go to the Yucatán.’”

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The economic crash of 2008 has led educators to wonder how they can teach fundamental lending principles to tomorrow’s banking executives. At the College of Charleston’s School of Business in South Carolina, we’ve found that both undergraduate and graduate students can learn financial literacy through experiential learning programs that revolve around microfinance. And they learn other important lessons as well—about the rewards of socially responsible behavior and the long-term impact of investment in a community.

The College of Charleston’s foray into microfinance began in the fall of 2010, when business students initiated a microfinance club. While many student clubs come and go, microfinance seemed to be a good strategic fit with the school’s mission to develop socially minded business leaders for global opportunities. The school recognized that it could build and sustain interest in microfinance by turning club membership into course enrollment that came with academic credit.
Eventually, all 13 undergraduates who wanted to join the club were required to enroll in an interdisciplinary humanities and emerging markets elective called Financial Intermediation and Latin American Humanities. Fourteen MBA students in the club were invited to enroll, but because the MBA program is a one-year, full-time program with little flexibility, we did not make it mandatory for them to take the course.

In the three-credit class, students learned to examine and interpret the effectiveness of microlending agencies within the cultural context of Honduras. The course was capped with a trip to a small village in Honduras where students implemented both physical and financial improvements.

Laying the Groundwork
In the fall semesters of the 2010–2011 and 2011–2012 academic years, I led the Financial Intermediation course. Students were required to read Portfolios of the Poor: How the World’s Poor Live on $2 a Day, which framed the context for what microfinance can do for a region or a country if the right opportunities are presented.

Because it was a collaborative course, I also invited an economics and Latin American studies professor to teach cultural insights about Honduras. In addition, students heard from other guest lecturers, professors, and microfinance professionals during the course.

During both academic years, the final project of the class involved students traveling to Honduras during spring break to implement business plans for projects they would undertake in the remote village of El Zuzular. In this coffee-growing community, the average family’s monthly income is US$80.

El Zuzular was chosen for us by the microfinance organization Global Brigades (www.globalbrigades.org). After students examined the merits of partnering with various NGOs, we selected Global Brigades because it was the most reputable organization that facilitated college-student microfinance trips and because it was well-established in the region we wanted to visit. I felt it was important that students conduct the research on the NGOs because I wanted them to feel a sense of ownership for the entire project.

To help prepare students for their trip, representatives from Global Brigades spoke to the class four times via Skype. They also provided manuals that outlined Honduras’ economic conditions, as well as the limitations and opportunities students would encounter there, and they described the frontier market conditions that exist in the country.

Students further prepared by engaging in fund-raising activities that would help finance their trips. Each participating student, faculty member, and staffer who traveled to Honduras paid $750 to Global Brigades, but most of that money was generated through fund-raising activities conducted beforehand. Some students participated in auctions and raffles; others earned money by tutoring younger business students and working at concession stands that donate a portion of pro-

During their visits to El Zuzular, students used microfinance principles to implement capital improvements in the village, such as pouring a new concrete floor for this woman’s home (at left) and beginning construction on a new elementary school (above).
Coffee, Cajas & Community

In just two years, microfinance students have had a measurable, positive impact in many areas of village life in El Zuzular, Honduras:

<table>
<thead>
<tr>
<th>WOMEN &amp; VILLAGE CO-OPERATIVE</th>
<th>THE AGRICULTURE STORE</th>
<th>COFFEE SALES</th>
<th>THE LOCAL ECONOMY</th>
<th>LOANS &amp; CAPITAL IMPROVEMENT</th>
</tr>
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<tbody>
<tr>
<td>2010–2011 Educated and trained women to establish co-op, which worked to eliminate “coyotes,” a term that describes unscrupulous outsiders who buy coffee at extremely discounted prices and take advantage of villagers’ lack of transportation and basic business knowledge.</td>
<td>Established store to sell fertilizer. Provided loans for families to purchase fertilizer and increase crop yield.</td>
<td>Developed a mandatory identification card system among coffee sellers to ensure their integrity.</td>
<td>Provided loans to raise standard of living. Loans were used for private bathroom facilities, clean water systems, and concrete floors in homes.</td>
<td>Established loan application and process for caja lending. Provided loan used to improve school building.</td>
</tr>
<tr>
<td>2011–2012 Established a co-op that bought coffee from families and sold it through a distributor at market prices for one full growing season.</td>
<td>Expanded products at store to include shovels, seed, and other tools for growing and harvesting coffee.</td>
<td>Established online ordering system for coffee through Global Brigades. Sold over 200 bags of coffee to College of Charleston faculty, staff, and students. Projected to sell 1,000 bags this year online.</td>
<td>Ensured that every family in El Zuzular has a bathroom, clean water system, and concrete floors.</td>
<td>Donated funds to construct a large storage bin to preserve coffee beans for year-round sales. Educated elderly on loans. Provided prescription glasses for elderly to read loan applications. Currently raising funds to buy a truck to transport coffee and respond to emergencies.</td>
</tr>
</tbody>
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ceeds to worthwhile organizations.

Students did have to pay for their own airfare. Faculty plane tickets were paid for with money we obtained from the Dean’s Excellence Fund, which receives donations from the business school’s board of governors and is overseen by dean Alan T. Shao.

Before bringing any students to El Zuzular, I traveled to Honduras with two other professors from the School of Business, Rene Mueller and Rhonda Mack. Between what students gathered from our observations and what they had learned from Global Brigades, they had a good understanding of what the trip would be like and what specific needs they would find in the village.

Planning a Bank
During class time, students discussed the potential projects they might implement during their visit. They began applying microfinance principles, as well as valuation and ROI metrics, to the projects they were considering. Since they would be in Honduras for only seven days, they wanted to make the most of their time.

The students’ primary goal in El Zuzular was to establish a small community bank—a caja—that would offer financial aid and startup loans. The students would teach bank and community leaders the basic principles of saving and lending money, as well as how to create simple financial statements for recording income and expenses.

Students believed that once the bank was established, it could have ongoing economic impact in the community by funding other projects. One project they knew they were committed to was the construction of a storage silo that would enable the community to store coffee longer, extend the financial income of households throughout the year, and increase prices in off-seasons.

They also planned for the caja to fund projects that would lead to purified running water, a new elementary school, and private bathroom facilities for village families. In addition, the caja would accept an increased number of loan applications that would bankroll new family businesses and raise the prosperity of the village.

All About Money
During the school’s spring breaks in March 2011 and 2012, a total of 57 students made the trip to Honduras. As anticipated, they spent much of their time making the caja a reality.

As students began their program of educating villagers about financial concepts, they formed groups of five that included one officer from the caja, members of El Zuzular families, and one Spanish-speaking student or representative from Global Brigades. Within these small groups, students taught caja officers how to measure and track the bank’s financial performance and how to determine P&L on an ongoing basis.

The caja’s initial reserves were created when students and supporting faculty pooled a portion of their program fees. Of the $750 each student and faculty member had paid, $100 was given to the caja as seed money. Over the course of two trips, we were able to give the caja more than $5,000 to disburse in loans.

We also used some of our program funding to provide direct
assistance or cash donations to families in El Zuzular. For instance, we donated $1,000 to several families to help them purchase agricultural supplies, rather than securing loans. Smaller amounts were given to villagers for specific purposes: $100 went to a family that wanted to start a personal savings account at the caja; $200 was used to purchase scarves and other crafts from village women to help spur their entrepreneurial efforts; and $200 was distributed to individual families who wanted to sell coffee directly, rather than going through the local co-op.

Students also brought more than money to El Zuzular. They had filled extra suitcases with items to donate—such as education supplies for the children, hygiene products, clothing, shoes, toys, and stuffed animals. Like the caja, these items were chosen to improve the quality of life among villagers.

**Measures of Success**

Over the course of our two visits, students have helped the villagers put together some impressive achievements. They haven’t just started the caja; they’ve also organized a store and taken steps toward ensuring clean drinking water. (See chart on page 51.) And they’re not done yet.

Since the students returned to campus in March 2012, they have set up a fund-raising project to purchase a community vehicle that will allow villagers to transport coffee to other markets. Villagers also will be able to use the vehicle during medical emergencies.

In addition, students and a staff advisor have established an online store that will allow students, faculty, parents, friends, and groups from other universities to purchase El Zuzular coffee. The store is run through Global Brigades, which acts as a distributor. We believe that the online ordering system will improve the financial welfare and income levels of the entire village.

In many ways, the program has succeeded far beyond our initial expectations—and Global Brigades has been impressed by our results as well. The organization invited College of Charleston business students to join Duke University and UNC–Chapel Hill students to share best practices at a national microfinance conference in April 2012. Global Brigades also recruited one of our 2011 graduates to lead its efforts in Honduras. A 2012 graduate was recruited by another NGO to help set up and operate similar microfinance programs.

While we are proud of what our students have accomplished in Honduras, we know it’s critical that they also achieve the specific learning goals we set out for the Financial Intermediation and Latin American Humanities course. We identified five goals we wanted students to achieve: learn effective communication skills; develop quantitative fluency; develop a sense of global and civic responsibility; experience intellectual innovation and creativity; and learn to synthesize disparate elements into a harmonious whole.

Students were assessed on five measures that directly tied to the five learning goals: developing business plans for economic initiatives in the Honduran community, writing final papers, participating in class discussions, planning their meetings and the trip to Honduras, and preparing creative projects that demonstrated the “before and after” impact their projects had on the community.

Equally important, but harder to measure, were the types of knowledge they absorbed during this intense applied learning experience. For instance, students learned that as consultants they had to listen to their clients; they couldn’t just assume they understood what the villagers wanted. And they also learned that financing is essential at all levels of the economic spectrum from the very wealthy to the poorest of the poor.

**Looking Ahead**

The Financial Intermediation class has worked so well that we plan to continue offering the course—and the trips—for the foreseeable future. We’ve considered small changes, such as splitting the larger
classroom into two small groups. One would return to El Zuzular, while the other one would travel to the Dominican Republic.

I believe other schools could launch equally exciting microfinance programs that encourage students to embrace social responsibility. I’d make these recommendations to help ensure success:

- **Create a credit course that engages and inspires students.** Use coursework to show students how economic development has real-life impact. Make it a class requirement that students go on a trip to a developing nation to see microfinance in action.

- **Partner with other organizations on campus.** These might include the microfinance club, if there is one, or the university’s study abroad program. Such partnerships will help the school recruit interested students and also lay the groundwork for the trip.

- **Collaborate with reputable international organizations.** NGOs that create sustainable opportunities in developing markets can facilitate the trip.

- **Give students a sense of ownership.** Make sure students are involved in every aspect of the course, from choosing the organizations they will partner with to choosing the projects they will implement to participating in fundraising activities.

- **Identify and enlist a faculty champion.** I have real passion for providing creative and relevant learning opportunities for our business students, so I was committed to this program from the start.

- **Seek buy-in from senior campus leaders.** In our case, we made it clear to university leadership how the microfinance program would reflect the mission of the school. After students returned from Honduras in March 2012, they made a presentation at one of the board’s annual meetings. Not only did they describe what they’d accomplished on their visits, they provided freshly ground Honduran coffee to each of the board members, which was an ideal way for the members to see the impact their gifts made on the student learning experience.

I believe that the combination of elements—the founding of the club, the creation of the class, the participation of Global Brigades, and the support of campus leadership—provided an ideal environment for our students to learn about social responsibility, financial principles, the economic impacts of even small actions, and the importance of cultural understanding. And I hope that one day, when students from this course rise to the ranks of senior banking executives, they will remember the fundamentals of lending and spending that they learned in Honduras.

Jocelyn Evans is a professor of finance at the College of Charleston’s School of Business in South Carolina.
research

FOCUS ON FACULTY

Solving the Ethics Puzzle

London Business School’s Celia Moore explores what makes good people act badly.

CELIA MOORE has spent years studying why good people engage in unethical behaviors. As an assistant professor of organizational behavior at London Business School and a Fellow of the Edmond J. Safra Center for Ethics at Harvard University in Boston, Massachusetts, she knows all too well how human nature sometimes trumps conscience.

For instance, in her most recent unpublished study, Moore has found that a leader’s bad behavior has a more profound effect on his or her subordinates than conventional wisdom would suggest. “People have long believed that people follow the behavior that’s modeled—that they do what their leaders do,” says Moore. “We’ve found that when business leaders act unethically, they actually change the way their employees think about ethical decisions. It’s not that employees think, ‘I’m going to act badly because I have to.’ It’s that they actually think the bad behavior is OK.”

Sometimes, however, otherwise reasonable people can do unconscionable things just to save face, says Moore. She points to Nick Leeson, whose fraudulent trades led to the collapse of Barings Bank in London. “He made one small mistake; then he made a slightly bigger mistake to cover the smaller one, and then he did something even more. It was a classic case of ‘escalation of commitment,’” says Moore. “When our ego is tied to our professional success, we can make the largely unconscious decision to maintain the appearance of competence, no matter what.”

Moore is interested in discovering not only what makes people act unethically, but also whether one can predict who’s most likely to misbehave. Recently, she focused on the idea of “moral disengagement.” The term refers to a process that enables people to behave unethically without feeling psychological distress or believing that what they did was wrong. Moore completed a paper on this topic with colleagues James Detert of Cornell University, Linda Treviño of Pennsylvania State University, Vicki Baker of Albion College, and David Mayer of the University of Michigan. Their paper, “Why Employees Do Bad Things: Moral Disengagement and Unethical Organizational Behavior,” was published in the Spring 2012 issue of Personnel Psychology.

For their study, the group first developed an eight-item survey that could determine whether people have a “propensity to morally disengage.” The team then asked several groups of study participants to complete the survey; one month later, the researchers asked those participants how likely they were to engage in unethical behaviors. The members of one group, for instance, were asked how often they had engaged in 13 unethical behaviors, such as stealing an inexpensive item from a store. Those in another group wrote one-page essays about what they would do in the place of a junior trader who was asked by a supervisor to fax misleading information to a client.

Moore and her colleagues found that participants whose survey responses showed a high propensity to morally disengage weren’t just more likely to act badly—they were more likely to view their actions as morally justified. Moore points to a similar phenomenon that occurred among the high-profile bankers whose actions led to the financial crisis. “They frame their actions in morally disengaged terms,” she says. “They say, ‘It was in the best interest of the company,’ or ‘I was looking out for shareholders,’ or ‘I was using best business practices.’ They see their actions through a very specific lens.”

In her latest work, Moore is examining how and whether companies bounce back after they’ve been criminally convicted for corruption. But while much of Moore’s work focuses on the workplace, in the future she’d like to delve into behaviors at the business school level. “Business schools are ranked according to the size of their students’ salaries after graduation, which provides an incentive to drive some people who might work for NGOs or social enterprises into banking or management consulting,” says Moore. “I’d like to explore finding better ways for schools to tap into students’ desire to leave positive legacies in the world.”
People May Cheat—But Don’t Call Them Cheaters

Schools might curb incidents of cheating among students simply by revising the wording of their academic honor codes, say Christopher Bryan, a professor of psychology at the University of San Diego in California; Gabrielle Adams, a professor of organizational behavior at London Business School in the United Kingdom; and Benoît Monin, a professor of psychology and organizational behavior at Stanford University in California.

The authors conducted three experiments, including one in which participants were asked to think of a number from one to ten in their heads; then, they were told they would receive $5 if the number was even, but nothing if it was odd. However, before making that choice, some participants read instructions with the words “Please don’t cheat,” while others read instructions with the words “Please don’t be a cheater.” More participants instructed not to cheat reported having even numbers than those instructed not to be cheaters. This held true whether the experiments were conducted face-to-face or in private, online settings.

“The term ‘cheater’ is relevant to people’s identities and has implications for the kind of people they would be if they were to cheat,” says Adams. The authors also bring up an interesting question: What happens to people who see the words “be a cheater” but cheat anyway? Over time, they speculate, those people might come to view cheating as part of their identities.

This finding offers a low-cost way for business and academia to encourage more ethical behavior, simply by using subtle linguistic cues in their communications. For instance, campaigns against drunk driving might be more successful if they used self-referential words such as “Don’t be a drunk,” rather than less personal slogans such as “Don’t drink and drive.” Or states could boost voter turnout by asking people whether they were likely “to be voters,” rather than whether they were likely “to vote.”


Free Returns Boost Online Sales

SOME MAY QUESTION whether online companies that offer unlimited free returns of goods are losing money on the deal. On the contrary, offering universal free product returns is a savvy business strategy, according to Amanda Bower of Washington and Lee University’s Williams School of Commerce, Economics, and Politics in Lexington, Virginia, and James Maxham III of the University of Virginia’s McIntire School of Commerce in Charlottesville.

The pair examined customer spending data from two leading online retailers over 49 months. They found that when companies offered free shipping on returned items, customers’ purchases increased by between 58 percent and 357 percent over the next two years. However, when consumers had to pay for return shipping, their purchases decreased by between 74 percent and 100 percent over that period.

Many retailers assume that if customers have to return an item because it doesn’t suit their needs, and not because of retailer error, they don’t mind paying to ship it back. But in that case, the customer pays for shipping both ways, with nothing to show for it in the end. This can curtail customers’ future purchases considerably.

And for those retailers who fear customers will abuse a free return policy? Bower and Maxham offer this finding: In the two years after the customers in the study returned a product, not one returned another. Bower adds that retailers need to examine their data closely and base their strategies on “how consumers are actually going to act, not on what retailers think consumers should do.”

A Glimpse into Compensation Committees

IT MAY SEEM that corporate committees responsible for setting executive compensation literally throw money at their CEOs. But, in reality, corporate boards try diligently to strike a balance between rewarding CEOs for good performance and protecting shareholder returns. That’s according to a study from four professors at Kennesaw State University’s Coles College of Business in Georgia. They include Dana Hermanson, professor of accounting; James Tompkins, professor of finance; Rajaram Veliyath, professor of management; and Zhongxia Ye, associate professor of accounting.

The study is based on interviews with compensation committee members from 20 publicly traded U.S. companies. Most were committee chairs, and most were from healthcare, financial services, and technology companies with mean revenues of nearly US$3 billion. The interviews, which were conducted either face-to-face or via conference call, were conducted in 2009. At that time, compensation committees were facing intense public and regulatory scrutiny, as executive compensation seemed to be growing out of proportion with the general economy.

When asked about the greatest risk the compensation committee members faced, 29 percent were concerned about underpaying the CEO, 18 percent were concerned about public opinion, and 18 percent were most concerned about overpaying.

While past studies have looked at the outcomes of compensation committees, this study opens up the “black box” of internal committee processes, says Veliyath. In their examination, the researchers found that these members overall had a genuine desire to “get it right.” Says Hermanson, “They talked a lot about fairness and balance. They feel a lot of pressure to keep great people, but they are also sensitive to shareholders’ concerns not to pay them excessively.”

The committee members also note that underpaying executives presented a risk to stakeholders just as great as overpaying. It could mean that they are unable to attract the right person for the job, which in turn could hurt the company’s future performance.


Without Social Capital, Startups Fall Short

SOCIAL CAPITAL is vital for any entrepreneur, but it’s particularly important for entrepreneurs in emerging markets. Unfortunately, those markets are where social networks are often the weakest, say Xavier Ordeñana and Elizabeth Arteaga of ESPAE Graduate School of Management at Escuela Superior Politécnica del Litoral in Guayaquil, Ecuador.

Ordeñana and Arteaga cite the 2010 Global Entrepreneurship Monitor (GEM) Project, which found that 21.3 percent of Ecuadorians were in the early stages of entrepreneurship. Yet, GEM notes that these ventures have little effect on job creation—nearly 98 percent will create fewer than 5 jobs. They won’t become what previous studies term “dynamic enterprises”—ventures less than ten years old that employ 15 to 300 employees.

The authors conducted a survey of 203 Ecuadorian entrepreneurs and compiled data from several national agencies that track business growth, median incomes, and employment rates. Not surprisingly, they found that the entrepreneurs who received the most support from a close network of family, friends, colleagues, and clients were more likely to have dynamic enterprises. To boost job growth in Ecuador, the authors argue, its government should create more programs to help entrepreneurs develop stronger, more supportive networks.

More surprising is that entrepreneurs who reported having difficulties dealing with bureaucratic red tape and getting access to good suppliers also were more likely to have dynamic enterprises. The authors speculate that this group could be more demanding, a trait that attracts both more difficulty and more success.

“Middle Class Entrepreneurship and the Effect of Social Capital” is available online at idbdocs.iadb.org/wsdocs/get-document.aspx?docnum=36990452.
Cultural Diversity Isn’t Enough

IN AN EFFORT to make their faculty more diverse, many colleges and universities are trying to attract more international professors. But does the mere presence of international faculty result in diversity? Yes—if the goal is to achieve cultural diversity. But if a school wants to achieve ideological diversity, the answer is less clear-cut, especially in the case of international faculty who have earned their doctorates from North American schools.

This is the finding of a study by Aaron French, assistant professor of management information systems at Kyungpook National University in Korea, and J.P. Shim, professor of computer information systems and executive director of the Korean-American Business Center at Robinson College of Business at Georgia State University in Atlanta. They note that previous studies have shown that research conducted at North American schools tends to be primarily quantitative. The problem, they note, is that North American doctoral programs generally train candidates to conduct research from a North American perspective. That mindset remains with them even if they return to take faculty positions in their home countries.

French and Shim evaluated the doctoral pedigrees and scholarly output of MIS professors who work at leading universities in several Asian countries. They found that, because most professors received their degrees from North American schools, MIS scholarship in most Asian countries is strongly influenced by a North American mindset. The only exceptions were China and Japan.

To promote intellectual diversity, the authors argue, schools should train future professors to teach and conduct research in a diversified manner. The authors also call for greater collaboration among institutions in North America, Europe, and Asia and information sharing among faculty from different regions of the world.

“Multinational Diversity in IS Research: The Effects of Education on Publication Outlets” was recently published in the Journal of Information Technology.
Eco-Labels Can Muddle the Message

THE PRACTICE OF marking products with labels that indicate their eco-friendly content may be more confusing than informative, according to researchers at IMD in Lausanne, Switzerland, and the Ecole Polytechnique Federale de Lausanne (EPFL). The problem? Too many labels and too little understanding among consumers regarding what those labels truly mean.

The practice began in 1978 with Blue Angel, the world’s first eco-label for sustainable products introduced by Germany’s Ministry of the Environment in 1978. But today, there are more than 400 eco-labels used in 25 industries, which has diluted their effect and fragmented the sustainable movement.

Co-authors Ralf Sifert of IMD and Joana Comas Martí of EPFL surveyed more than 1,000 executives at companies worldwide—ranging from Hewlett-Packard and Canon to Nestlé and Sara Lee—about what they thought about eco-labels. The executives believe that eco-labels offer benefits such as helping them strengthen their brands, protect against watchdog groups, and address consumer concerns about sustainability. However, the executives also expressed concern over the lack of consensus on what constitutes a sustainable product and questioned the rigor of certification procedures.

The executives expressed a need for major reform in the eco-labeling industry, including a consolidation of certifications and standardization of criteria. “It’s not just consumers who are confused,” says Sifert. “Selecting an eco-label has become a highly complex decision for firms.”

Martí notes that many eco-label providers have lost their way. “There’s a feeling among firms that many eco-label providers launch with good intent but morph into organizations whose desire is to survive rather than serve,” she says. “This raises serious questions about eco-labels’ effectiveness in delivering real outcomes and their potential to help achieve genuine market transformation.”


RESEARCH RECOGNITIONS

The Stockholm School of Economics and the Women in the Academy of International Business have recognized a study with their best paper award for increasing gender awareness in international business research. The paper, “Intent to Become an Expatriate: An Application of Ajzen’s Theory of Planned Behavior and the Role of Gender in the United States, Russia, and Turkey,” was written by Robert Engle of Quinipiic University in Hamden, Connecticut; Nikolay Dimitriadis of Rostov State Economic University in Russia; and Ekrem Tatoglu of Bahcesehir University in Istanbul, Turkey.

The study explored the factors most likely to make individuals willing to work in foreign countries. American women, Russian men, and Turkish women and men are most persuaded to work overseas when encouraged to do so by their mentors; U.S. men, by their friends; and Russian women, by their families.

In January 2013, the Society for Personality and Social Psychology will recognize the paper “Temper, Temperature, and Temptation: Heat-related Retaliation in Baseball” with its Robert B. Cialdini Award. The paper, which appeared in the April 2011 issue of *Psychological Science,* was co-authored by Richard Larrick of Duke University’s Fuqua School of Business in Durham, North Carolina; Thomas Timmerman of Tennessee Technological University’s department of decision sciences and management in Cookeville; Andrew Carton of the Fuqua School; and Jason Abrevaya of the University of Texas’ department of economics in Austin.

The four analyzed data from 57,293 major league baseball games to find that a pitcher was more likely to hit a batter with a pitch in hot weather, especially when the pitcher’s teammates had been struck earlier in the game. That finding makes a direct correlation between heat and specific aggression-retaliation behaviors.

Jasmijn C. Bol has received the Best Early Career Researcher Award from American Institute of CPAs. An associate professor of accounting at Tulane University’s Freeman School of Business in New Orleans, Louisiana, Bol received the award for her work completed within the first five years of joining a faculty. Her research focuses on the use of accounting information for managerial decision making. The Chartered Institute of Management Accountants in the U.K. and the Society of Management Accountants of Canada co-sponsored the award.

The Parlin Board of Governors, part of the American Marketing Association and the American Marketing Association Foundation, has awarded its 2012 Charles Coolidge Parlin Marketing Research Award to Greg M. Allenby, Helen C. Kurtz Chair in Marketing at The Ohio State University’s Fisher College of Business in Columbus.
Although most people go out of their way to avoid social rejection, standing apart from the crowd actually has positive effects on some people’s imagination and creativity, say researchers from Johns Hopkins University’s Carey Business School in Baltimore, Maryland, and Cornell University’s School of Industrial and Labor Relations in Ithaca, New York.

“For people who already feel separate from the crowd, social rejection can be a form of validation,” says lead author Sharon Kim of Johns Hopkins. “Rejection confirms for independent people what they already feel about themselves—that they’re not like others. For such people, that distinction is a positive one leading them to greater creativity.” Social rejection has the opposite effect on people who value belonging to a group, inhibiting their cognitive ability.

Kim authored the study with Lynne Vincent and Jack Goncalo, both of Cornell. They looked specifically at those described as possessing an “independent self-concept.” In the study, the authors define self-concept as something that can “shape responses to rejection because independent selves are motivated.”

In one experiment, some individuals were told they would not be selected to participate in a group activity and would have to complete tasks on their own. Others were told they could rejoin the group after completing a certain number of tasks. Afterward, individuals from both scenarios were asked to complete a set of puzzles requiring creative solutions.

The researchers found that participants who demonstrated an independent self-concept and were not allowed to rejoin their groups solved the puzzles more easily than others.

This study could have practical implications for business, Kim says. Imaginative thinkers can be quirky—some managers might choose not to hire those whose unconventional personalities might set them apart from co-workers. But if those individuals also exhibit an independent outlook, their inventiveness could become a valuable asset to an organization.

“Outside Advantage: Can Social Rejection Fuel Creative Thought?” was published online by the Journal of Experimental Psychology: General, and also is available at digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?article=1622&context=articles.
B-School Admissions Leave Students Waiting

WHEN PROSPECTIVE students send questions to b-school admissions offices via Web-based forms, most would expect a response within 48 hours. However, many are often left waiting, according to InsideTrack, a firm based in San Francisco, California.

InsideTrack offers phone-based coaching and mentoring to help prospective students choose the right college. In 2010 and 2011, the company asked “secret shoppers” to pose as potential students with questions about applying to business school. The shoppers approached admissions offices at 68 U.S. business schools across all categories—traditional and online, for-profit and nonprofit, private and public—and asked questions via direct e-mail, through Web sites, and by phone.

Seventy-three percent of public b-schools failed to respond to Web inquiries within ten days, while 32 percent of private schools failed to do so. Only 13 percent of for-profits did not respond to Web queries within ten days. Fifty-three percent of public schools and 58 percent of private schools failed to respond to phone messages within ten days, compared to 40 percent of for-profits.

The only area where for-profits did not respond the fastest? E-mail. Sixty percent of for-profits failed to respond to e-mailed questions within ten days, compared to 45 percent of private schools and 25 percent of public schools.

Secret shoppers also reported on the quality of information they received once connections were made. “Many admissions offices failed to help students understand the personal and financial commitment they were making,” says David Jarrat, InsideTrack’s vice president of marketing. “Some schools enrolled students in online programs only to discover later that those students didn’t own computers.”

Jarrat points to three schools that scored high points with secret shoppers:

- An admissions officer at Washington State University in Pullman spent 30 minutes explaining the GMAT and offering study tips.
- Admissions personnel at Davenport University in Grand Rapids, Michigan, offered to connect the caller to faculty members to discuss courses and degree options.
- Admissions representatives at for-profit Capella University were graduates of the MBA program who could provide information about the program from firsthand experience.

Overall, for-profits made the best impression with secret shoppers. When asked to use a ten-point scale to rate their likelihood of selecting a program based on their experience with admissions, the secret shoppers gave for-profits an average rating of 7.47. They rated public and private schools at 4.80 and 6.66 respectively.

“For-profits are customer-centric by nature. The notion of timely, accurate response and good customer service is built into their DNA,” says Jarrat. “Most higher education institutions are just now beginning to think that way.”
A recent report from IBM and the Saïd Business School at the University of Oxford in the United Kingdom shows that while many organizations are using Big Data to improve the experiences of their customers, most are limiting their efforts to their internal data. Less than half of them are actively analyzing external sources such as social media.

According to “Analytics: The Real-World Use of Big Data,” one reason for this is that many firms feel out of their comfort zones once they move beyond the well-understood data within their own systems. They distrust the truthfulness of opinions expressed via online comments, reviews, or tweets. In addition, only 25 percent of the firms surveyed reported that they had workers with the skills to reliably analyze unstructured and untraditional sources of data, such as geospatial data, streaming data, images, audio, video, and customer comments and interactions.

Even so, 63 percent of respondents indicated that they believe that data analytics could create a competitive advantage for their organizations. “The survey found that organizations are taking a pragmatic approach to Big Data,” says Michael Schroeck of IBM’s global business services.

Many schools are responding to the trend highlighted in this study by creating or enhancing their business analytics programs. For example, the Said Business School is developing courses and further research studies that focus on the analysis and application of Big Data. In the U.S., Michigan State University in Lansing recently announced that it will offer a master’s degree program in business analytics, which will incorporate coursework from MSU’s Broad College of Business and Colleges of Engineering and Natural Sciences. Broad College also has plans for its undergraduates to participate in a real-world case study on the commercialization of Watson, IBM’s supercomputer.


LinkedIn Launches Pilot Program

In July, LinkedIn’s “higher education evangelist” John Hill announced on his blog that the networking platform would partner with several academic institutions for its College Pilot Program. Through the program, participating schools will have access to LinkedIn tools to support student career development and build their alumni networks.

Hult International Business School, for example, plans to use LinkedIn’s tools to reach out to its 6,000 alumni and facilitate more connections between those alumni and current students. More than 60 percent of Hult alumni now use LinkedIn. Through the use of LinkedIn’s customized data mining tools, the school hopes to increase that number to 80 percent.

Hult and the Wharton School of the University of Pennsylvania are the two business schools partnering with LinkedIn for this effort. Other schools include Michigan State University, University of California at San Diego, University of Rochester, the Alumni Association of the University of Michigan, and Syracuse University. The College Pilot Program is closed to new partners at this time.
Educators’ Use of Social Media Evolves

**COLLEGE FACULTY** are becoming increasingly comfortable with social media such as blogs, wikis, and social networking sites in the classroom, according to an annual survey from Babson Survey Research Group at Babson College in Wellesley, Massachusetts, and global learning company Pearson. The survey included responses from nearly 4,000 teaching faculty from a range of disciplines.

A third of these faculty reported using social media in their teaching—especially blogs and wikis. Eighty-eight percent used online video.

The survey revealed a generational gap when it comes to adoption of social media. Forty-one percent of those under 35 use social media in their teaching, compared to 30 percent for those older than 55. There also seems to be a disciplinary gap: Faculty in the humanities, arts, applied sciences, social sciences, and professional disciplines use social media more often than those in mathematics, computer science, and the natural sciences.

There continue to be barriers to widespread adoption of social media. However, compared to the results in 2011, the 2012 survey showed decreased concerns about issues such as privacy, integrity of student submissions, or separating personal and professional accounts.

“Faculty are clearly becoming more comfortable leveraging social media,” says Jeff Seaman, co-director of the Babson Survey Research Group. “They are more proficient and better acquainted with the social media tools available to them.”

The full report, “How Today’s Higher Education Faculty Use Social Media,” is free with registration at www.pearsonlearningsolutions.com/social-media-survey.

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**TOOLS OF THE TRADE**

**Finding the Perfect Match**

In the past, faculty most often collaborated with colleagues down the hall, but in the future, they might rely on technology to help them find their perfect partners.

Cornell University in Ithaca, New York, has created an open source Web platform called VIVO, which contains information about researchers, including their academic credentials and areas of expertise. The project is based on software developed by the Cornell University Library to facilitate collaboration among Cornell’s own researchers. The university opened the platform up to multiple institutions in 2009, with the help of US$12.2 million in grants from the National Institutes of Health and National Center for Research Resources in the U.S.

VIVO allows researchers to post their profiles, including areas of expertise, academic credentials, teaching backgrounds, publications, and grants. The information can be imported from sources such as institutional records and grant databases. Users then can find others with whom they might collaborate who have similar research interests or complementary skills. The goal is to highlight and connect the “previously ‘invisible’ human assets” in the academic community, according to a Cornell report about the project.

Currently, the six VIVO partner institutions include Cornell, the Weill Cornell Medical College, the University of Florida, Indiana University, the Ponce School of Medicine in Puerto Rico, the Washington University in St. Louis School of Medicine in Missouri, and the Scripps Research Institute in California.

For information or to inquire about becoming a partner institution, visit www.vivoweb.org.

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33.8 percent of college faculty say they use social media like blogs and wikis.

— from “How Today’s Higher Education Faculty Use Social Media.”
**NEWSBYTES**

**DARDEN TACKLES DESIGN**

The Batten Institute at the University of Virginia’s Darden School of Business in Charlottesville has created Design@Darden (www.designatdarden.org) as a resource for educators who teach design thinking in business schools and related environments. The site will include an interactive Dialogue on Design forum, where educators can share best practices, and provide resources such as videos, pre-sentations, syllabi, teaching notes, and links to related sources. It also will host a series of free online courses that focus on skills needed by a high-tech workforce, including data visualization, HTML5 for game development, and mobile applications development for Android platforms. The courses will build on Udacity’s existing courses in math, general sciences, computer science, programming, and entrepreneurship.

**UT TACKLES FREE COURSES**

The University of Texas system has announced that it will join edX, the nonprofit online learning venture founded by Harvard University in Boston, Massachusetts, and the Massachusetts Institute of Technology in Cambridge. UT, which includes nine academic institutions and six health institutions, will be the first university system in the edX partnership, which also includes the University of California, Berkeley. The move is part of UT’s Institute for Transformational Learning, established in 2011 to expand access to education, enhance learning, reduce costs, and promote innovation.

**UDACITY LINKS UP**

Free online course provider Udacity has partnered with tech industry mainstays such as Google, Microsoft, NVIDIA, Autodesk, Cadence, and Wolfram to deliver a series of free online courses that focus on skills needed by a high-tech workforce, including data visualization, HTML5 for game development, and mobile applications development. The courses build on Udacity’s existing courses in math, general sciences, computer science, programming, and entrepreneurship.

**NEW GMAT RESOURCE**

*The Economist’s Which MBA?* now offers an online learning program. Which MBA? is a resource for prospective MBA students. The GMAT Tutor provides full-length practice exams, one-on-one video sessions with tutors, progress reports, and essay evaluation, as well as a personalized dashboard for students to track their progress. The product is sold with a money-back guarantee if students do not achieve at least a 50-point score increase under GMAT Tutor’s complete plan or a 70-point score increase under its premium plan.

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*The Economist’s Which MBA?* now offers an online learning program. Which MBA? is a resource for prospective MBA students. The GMAT Tutor provides full-length practice exams, one-on-one video sessions with tutors, progress reports, and essay evaluation, as well as a personalized dashboard for students to track their progress. The product is sold with a money-back guarantee if students do not achieve at least a 50-point score increase under GMAT Tutor’s complete plan or a 70-point score increase under its premium plan.

**REAL ESTATE BASICS**

The W.P. Carey School of Business at Arizona State University in Tempe has launched a nine-month online real estate development certificate program, which offers an overview of real estate fundamentals, law, investments, land development, responsible community development, and sustainability. The Carey School also soon will launch knowRE, an online publication about its real estate research and programs that will be available at www.knowwpcarey.com/realestate.

**CERTIFICATE OF INNOVATION**

Faculty at Stanford University’s School of Engineering and Graduate School of Business in California are collaborating to deliver online course content for the new Stanford Innovation and Entrepreneurship Certificate. Participants can earn the certificate by completing eight of 12 courses that cover topics such as prototyping, marketing, social media, innovation strategy, and entrepreneurship. The school will add more courses over the coming year.

**BRINGING ECON ONLINE**

The University of Cincinnati’s Lindner College of Business in Ohio will establish the Alpaugh i-Learning Economics Education program with the support of a US$1 million donation from Peter Alpaugh and the Alpaugh Family Foundation. Expected to launch in the spring of 2013, the online program will offer post-graduate professional development courses, tutorials, and resources to K-12 educators and administrators who want to accelerate their students’ understanding of economics.
Teaching Finance as a Force for Good

**THE BIG SHORT: Inside the Doomsday Machine** is Michael Lewis’ best-selling 2010 book about the people who profited from the real estate and subprime crash. In his introduction, the author describes what motivated him to write the first business book he’d published more than 20 years earlier. He says he was thinking “something like, ‘I hope that college students trying to decide what to do with their lives might read it and decide that it’s silly to phony it up, and abandon their passions or even their faint interests, to become financiers.’ I hoped that some bright kid at Ohio State University who really wanted to be an oceanographer would read my book, spurn the offer from Goldman Sachs, and set out to sea.”

So many readers are fascinated by Lewis’ books that business professors may be inclined to assign one as supplementary reading. The problem is, Lewis’ self-proclaimed original motive for writing these books is to convince people not to choose business as a career. And if they do go into business, he urges them to treat it as a sort of aggressive game, an extrapolation of the computer and video games that young people love so much. That’s no surprise because, in *The Big Short* and four other highly successful business books, Lewis portrays the financial world as being filled with cynical jerks and sharp operators who only want to cheat people.

I think Lewis has it wrong. Sure, a few evil people reside in the business world, but I don’t believe the whole field is tainted by their sleaziness. In my own recent book, *Finance and the Good Society*, I look at some of the same issues Lewis raises, but I try to present a more balanced view of the financial sector. While I acknowledge that there are villains in the financial world, I argue that most business professionals view financial tools as instruments that can help them steward society’s assets and protect people against economic risk as they seek to achieve other goals.

In fact, I think that the young oceanographers Lewis describes would have a better chance of realizing their dreams if they studied for careers in finance. Let’s consider their true goals. Do they really want to “set out to sea,” as Lewis suggests? Perhaps they do aspire to experience nature from the deck of a ship. But I’m guessing that idealistic young deep-water enthusiasts may feel a stronger commitment to protect the oceans and make sure they are not destroyed by the expanding circle of human activities. Achieving that objective is substantially an economic problem that will be mastered by people who understand finance.

When commentators like Michael Lewis express skepticism about the purposes of the financial community, people come to believe that financial innovations are just subterfuges to hide the greed of aggressively selfish people. But many of the recent financial innovations have worked to benefit the world.

For instance, there’s a financial innovation that is helping to preserve the ocean—and the rest of the environment. The “cap and trade” system regulates the CO₂ emissions that companies are allowed to emit into the atmosphere. Industries that emit the most CO₂ can buy permits from companies that have reduced their own emissions, resulting in an economically efficient program that has lowered carbon emissions. Today, five climate exchanges oversee the cap and trade system worldwide: the Chicago Climate Exchange, Commodity Exchange Bratislava, The European Climate Exchange, the European Energy Exchange, and NASDAQ OMX Commodities Europe. Innovation in this area has been lively.

Here’s another example. Within the last two years, financial innova-
tion in the U.S. has created the benefit corporation, a new corporate legal firm halfway between a for-profit and nonprofit. One of the new benefit corporations is Growers’ Secret, a fertilizer company whose products create runoff that is less harmful to the ocean’s nitrogen-phosphorus-potassium balance than other products. The young oceanographer who wants to save the seas has finance to thank for this kind of company.

It shouldn’t be surprising that finance can have such broad applicability. In my courses, I tell students that finance should never be their only interest, probably not even their main interest. If they want satisfying and meaningful lives, they must develop identities that have some sense of inner purpose. They must have personal goals that stand above finance—even if they use financial tools to realize these goals. Financial tools coordinate the activities of diverse people and allow them to get things done.

While I believe finance can be a force for good, it cannot fundamentally change people into pure altruists. The human mind is extraordinarily complex; it has many built-in circuits that are ready to motivate us to produce creations and horrors, whichever the circumstances encourage. Therefore, in designing social and financial institutions, we must work with the degree of altruism that we already have. Behavioral finance, the most exciting development in academic finance over the last couple decades, uses the science of psychology to help us better understand financial markets and how to improve them. It works with the basic human material to create the good society that we aspire to—and that we substantially already have.

So many organizations contribute to the creation of this good society. I see the business world as a community of professionals in a number of specialized fields, each with its own culture. There are CEOs, CFOs, CIOs, and COOs. There are investment managers, bankers, and investment bankers. There are mortgage lenders, traders, and market makers. There are insurers, market designers, and derivatives providers. There are business lawyers, financial advisors, accountants, and auditors. In the related sphere of government, there are regulators and information providers and public goods financiers.

These specialties all support professional organizations that determine and reinforce professional standards. Such organizations also help define acceptable behavior by acting as self-regulators and by working with lawmakers to create government regulations.

Even lobbyists—who sometimes seem to have an excessive amount of influence over government—can be part of the good society. All major interest groups need advocates to represent their interests and professional opinions to the government. Lobbyists can play that role well, as long as they act with integrity and as long as there are checks in place to balance their power. Working together, professional groups, lawmakers, and lobbyists can make progress in stamping out sleazy behavior in the business world.

Our business students will need to take their places in this world; they will need to use their memberships in one of these professional communities to achieve some of their own deeply held ambitions. But it’s up to educators to help them understand the complexity of professions within the financial and business world and the roles those professions play in our society. It’s up to educators to convey to students the richness of our financial culture and its institutions—and to show students how they can use financial innovations to advance the culture and improve the world.

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PLAYING TO WIN
AUTHORS: A.G. Lafley and Roger L. Martin

IT’S HARD to argue with advice about strategy when it’s presented by the former CEO of Procter & Gamble and the business dean of the University of Toronto. While Lafley and Martin illustrate their points by describing the transformation of P&G during the early 2000s, they believe that any business can successfully set its own strategy by considering five key questions: What is your winning aspiration? Where will you play? How will you win? What capabilities must be in place? What management systems are required? Not only do the answers to each question interact with each other, creating a cascade of effects, they require leaders to make some tough choices up front. And, as Lafley writes in a short sidebar, “Most leaders do not like to make choices. … Choices force their hands, pin them down, and generate an uncomfortable sense of personal risk.” But that’s just what’s required, they say, for businesses to succeed.

MASTERING TURBULENCE
AUTHORS: Joseph McCann and John Selsky
PUBLISHER: Jossey-Bass, US$39.95

IT’S WIDELY accepted that the new constant in today’s business environment is change, but McCann and Selsky think the real constant is disruptive change—“sharp, novel conditions from unanticipated sources with debilitating force that upset competitive dynamics and threaten survival.” Companies can survive, even thrive, in this turbulent era, the authors insist, if they are both resilient and adaptive. That means leaders must engage in systems thinking that considers how disruptive change can be managed at every level, from the individual to the ecosystem. McCann, a former b-school dean who is now a consultant, and Selsky, a professor at USF, admit that the task is challenging. But they believe companies can manage turbulence if they are purposeful, aware, action-oriented, resourceful, and networked. The typical human response to turmoil is to hunker down, but they offer counterintuitive advice: “Lift your head up, look around, and engage with others.”

THE QUEST FOR PROSPERITY
AUTHOR: Justin Yifu Lin
PUBLISHER: Princeton University Press, US$27.95

BEFORE THE Industrial Revolution, the prosperity gap between nations was not nearly as noticeable as it is today. What combination of natural resources, intellectual capability, and governmental policies has allowed some countries to surge to prominence while others have foundered? Peking University’s Lin, who was formerly chief economist of the World Bank, examines the question exhaustively in this densely detailed book. He uses the recent economic turmoil as a laboratory for analyzing what has worked and what hasn’t, especially in developing nations. While it’s clear that many economies are still perilously fragile, Lin is mostly an optimist. “I believe that all developing countries, including those in sub-Saharan Africa, can grow at 8 percent or more continuously for several decades in an increasingly global world,” he writes. “But they can do this only if their governments have the right policy frameworks to facilitate the private sector’s development.”

MANAGING GLOBAL INNOVATION
AUTHORS: Yves L. Doz and Keeley Wilson

IT’S NOT ENOUGH for companies to innovate incessantly, say Doz and Wilson of INSEAD; they must innovate globally, drawing from the expertise of distributed teams and the resources of international operations. Most multinational cor-
Corporations tend to focus their R&D efforts in one or two locations, usually those in their home countries, but the authors argue that a heavy investment in a few “physical innovation sites...has stymied rather than promoted innovation.” Instead, they believe companies need to build a different kind of innovation footprint, one that’s agile, adaptable, and international. For instance, they explain how Rolls-Royce scrapped its cumbersome physical R&D sites for a flexible partnership with university labs around the world. “This model provides Rolls-Royce with the flexibility to continually find and access the most relevant knowledge in the world for the development of its products,” they write. Companies that develop complex knowledge drawn from multiple cultures will create products that are difficult to duplicate—and thus ensure themselves a competitive advantage.

THERE IS AN I IN TEAM

AUTHOR: Mark de Rond

Cambridge Professor de Rond questions the conventional wisdom that says harmonious, well-matched teams function better than disparate groups comprising difficult superstars and their ordinary colleagues. Ultra-talented individuals can be problematic, he admits, but they still give their organizations an edge. Though he supplements his conclusions with psychological and business studies, he draws much of his evidence from the sports world, whether that sport is professional baseball or amateur rowing.

Don’t Miss

In IT’S YOUR BUSINESS, entrepreneur and MSNBC host JJ Ramberg offers nearly 100 tips on everything from managing employees to pitching ideas to investors. The quick-read nuggets are drawn from interviews she’s conducted with dozens of entrepreneurs; she occasionally supplements with QR codes that lead readers to more in-depth information. Among the fresh and fun ideas is the advice on how to get a busy executive to open a proposal package. Kristy Engels of Hair Rules packed her products into a crystal bowl from Tiffany’s—and had Tiffany’s make the delivery. That box got opened. (Business Plus, US$26.99)

Hoping to communicate a complex new global strategy to your sales force? Trying to win the CEO’s support for a radical proposal? Lead with a Story, says Procter & Gamble’s Paul Smith. Storytelling works because it’s simple and timeless, stories are easy to remember, and they allow listeners to draw their own conclusions. Smith offers brief tales of presentations gone wrong and customer service done right, followed by a discussion of the lessons these anecdotes illustrate. He makes it obvious why many successful organizations have designated “corporate storytellers”—and some business schools have added storytelling to their curricula. (Amacom, US$24.95)

Most people think these seven business virtues are always good: balance, collaboration, creativity, excellence, fairness, passion, and preparation. But Jack Breeden of Duke Corporation Education disagrees. In Tipping Sacred Cows, he draws on business and psychological research to show how these virtues can actually hinder performance. For instance, a manager who faithfully relies on collaboration may be incapable of working independently or taking a tough stance; balance is bad when it leads to bland compromises. Breeden’s main point is clear: “When virtue backfires, it can lower performance, waste time and energy, damage morale and retention, and ruin careers.” (Jossey-Bass, US$25.95)
Pitch Ready

The Idea
SCUBrand4U, a program that gives freshmen a head start in crafting their personal brands

Location
Santa Clara University’s Leavey School of Business in California

The Inspiration
Is freshman year too early for college students to begin developing their personal brands? Absolutely not, says Buford Barr, a business and communication professor at the Leavey School.

He recalls one undergraduate’s visit to Cisco’s headquarters in Silicon Valley. “She told me she walked into an elevator and found herself face-to-face with Cisco CEO John Chambers. I said, ‘That’s great—what did you say to him?’ And she said, ‘Nothing. I didn’t know what to say!’” It was a moment literally made for a personal “elevator pitch,” but she didn’t have one prepared.

“I want students to plan for these moments—they need to think about their personal brands much earlier in the process,” Barr says.

The Program
Barr directs SCUBrand4U, a new personal brand management program open to all SCU undergraduates. In October, the program kicks off with “Transitioning from High School to College,” a two-hour orientation for incoming freshmen that covers topics such as time management, study skills, and social media. Students also draft value statements for themselves, using an exercise developed by the late Fred Hoar, a Silicon Valley executive, which asks questions such as “What am I most proud of?” and “What do I want to be famous for?”

Students will continue to hone their brands through meetings with faculty and career center staff throughout their college careers. The program will end with a session for upperclassmen on “Transitioning from College to Career,” where they’ll discuss the qualities employers reward, such as flexibility, initiative, confidence, and the ability to overcome obstacles.

Words of Wisdom
Through SCUBrand4U, students learn that building a brand is more than choosing a major or writing a résumé. It’s about developing strong relationships with professors, exploring their options, and joining clubs not just to socialize but to network for their future careers. “I want them to start investigating and narrowing down fields of study that suit their passions as early as possible,” Barr says.

Social media is also a big topic throughout the program. “In this Facebook and Twitter age, it’s shockingly easy for students to degrade their personal brands,” says Barr. He advises them to refrain from posting anything on Facebook that they don’t want future employers to see.

A Stronger Start
Still in the pilot stage, SCUBrand4U is a voluntary noncredit program, but eventually it could turn into a for-credit course. Forty of the 85 freshmen who attended the first session will provide feedback to help the school improve and grow the program over time.

Barr hopes that SCUBrand4U helps students not only have their pitches ready for employers, but also get the best return on their education investment. “Many students take on tremendous debt to go to college,” says Barr. “We want them to make fewer mistakes and get off to stronger starts on their careers.”

Jeane Ellroy /Getty Images

Dr. Youngjin Yoo, a professor of Management Information Systems (MIS) at the Fox School of Business, was recently named among Philadelphia magazine’s 52 Smartest People in the city. The director of the Temple Center for Design+Innovation was recognized for his work on the university’s Urban Apps & Maps Studios, a grant-funded initiative that aims to connect Temple students and faculty with the community to create data sets and apps addressing real city needs.

In 2010, Dr. Yoo was ranked the world’s No. 1 researcher in MIS, based on publications in MIS Quarterly and Information Systems Research, the two top journals in the field.