17
Conjoining Competition and Morality: Six Teaching Blocks for Building Human Centered Organizations

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Introduction

Management education has made a significant contribution to advance organizational development and improve business performance in the post-World War II decades. Nonetheless, there is no consensus, but rather a great deal of controversy about what to teach, about the benefits and costs, as well as about the impact of education. A considerable amount of higher education management programs advertise and claim to integrate moral, social, and ecological contents into their curricula. It is hoped that this will help to eradicate greedy and unethical business practices (Wankel and Stachowitz-Stanusch, 2011); so it is in the interest of both scholars and practitioners to further change and improve management education and training programs. This also is the purpose of this chapter and this book.

Furthermore, criticism on business education often highlights what is missing, but fails to offer constructive ideas for improvement. This results in executives and practitioners turning away from training programs as they find they are often overburdened with triviality or pure philosophy and lack practical application to solve problems business executives face daily. This chapter discusses an alternative method on how to assess and improve management and business training. The proposal is based on a construct of teaching blocks (TBs) directed to balance reflective, self-aware, and practice-based learning which should help executive program faculty and participants to advance social transformation in organizations and contribute to the common good.

The TBs are based on functional aspects of management and relate each topic to experiences executives already have. The teaching content is meant

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to foster ethical leadership associated with accountability and to guide leaders and the people they supervise to achieve job satisfaction and high performance as individuals, teams, and organizations. Effectiveness and efficiency in an organization cannot prosper without ethical leadership. Gary Yukl, who has studied the leadership phenomenon for over three decades, arrived at the conclusion that to be effective leaders have to be ethical. He chose the following definition: "Leadership is the process of guiding others to understand and agree on what needs to be done, what is the best option to do it, and which is the best process to optimize individual and collective efforts to reach shared objectives" (Yukl, 2010, p. 26).

Leadership always pursues predictable or expected outcomes. So, the question about "what and how to teach" in an executive or leadership course or program inevitably connects ethical principles with organizational performance. Consequently, each of the six TBs described below connects to practical aspects of business. They show how strengthening human centered management produces perceptible outcomes:

1. *Capacity building*: What do executives consider to be leadership capacity?
2. *The "moral market" axiom*: Does the free market system corrode or construct moral character?
3. *Systems thinking and cause-effect relationships*: Are there tangible benefits from morality?
4. *Ethical leadership impact on business processes*: Does morality improve efficiency?
5. *The humanistic perspective in the workplace*: Is there a visible effect of ethical behavior?
6. *Ethical stakeholder relationship management*: Does ethical leadership transcend to all the organization's constituencies and the external social environment?

TB 1: Capacity building

There is continuous debate whether a person's attitudes and values change when learning new things. Even though obtaining insight into issues of morality and ethics goes beyond simple learning, the question remains whether ethical judgment can be affected by a business course or the faculty/instructors who teach it. Some studies give an affirmative response (Glenn, 1992; Whalley, 2005). And when research claims (e.g. Bass, 1999) that leaders can inspire followers to change perceptions and motivations, this indicates that leadership values can therefore be taught and learned.

A survey conducted by Ahn et al. (2012) among senior executives in business, non-profit, and government, uncovered the following *eight value-driven determinants of leadership* in order of importance:

- integrity (adherence to moral and ethical codes)
- good judgment (flexibility and situation awareness)
- leadership by example (collective actions, decisions, general behavior of leaders)
- ethical decision making (adherence to the principle of “do no harm”)
- trust (reliance between leader and followers)
- justice/fairness (impartiality and equal treatment)
- humility (lack of arrogance, capacity to listen carefully, understand deeply)
- sense of urgency (immediacy, action orientation to achieve results).

The results of the survey are shown in Figure 17.1.

Figure 17.1 shows that integrity is valued highest among this group of executives, followed by good judgment, and leadership by example, while sense of urgency and humility are ranked lowest. Although it would be provocative to debate these findings, there is almost consensus that leaders need to have the right combination of patience and impatience (Ahn et al., 2012, p. 124). And with respect to humility it is apparent that a leader needs to live through an ordeal first to grasp its meaning and learn a lesson. Jeffrey Immelt, CEO of General Electric, has said that instead of blaming economic conditions for poor performance during the 2008 crisis, it was indeed the crisis that made General Electric stronger: “I am humbler and hungrier because after the crisis I learned I need to be a better listener. It would have helped me very much to anticipate the radical changes that occurred” (Glader, 2009).

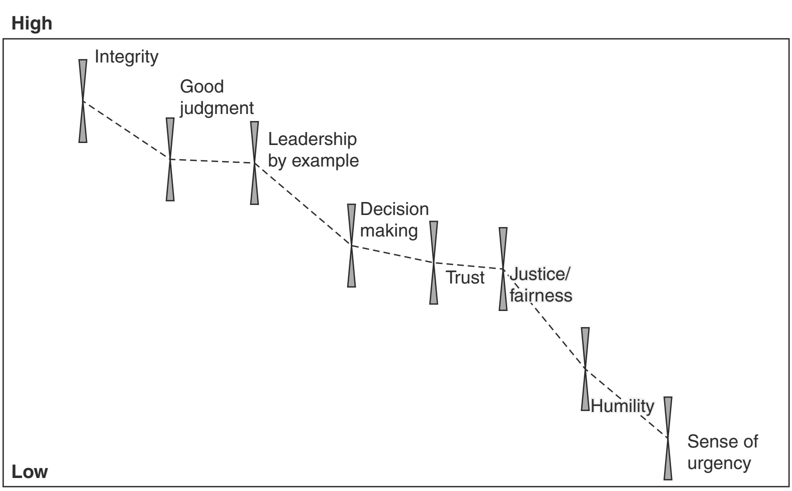

Figure 17.1 Rankings of value-driven leadership determinants
Source: Adapted from Ahn et al. (2012, p. 126).

Immelt's lesson in humility validates leaders' needs to cope with contingencies in a way that puts accomplishments and talents in proper perspective to enhance authenticity and credibility (Kanungo, 2001; Van Dierendonck, 2011).

But, why is moral behavior necessary, or desirable? Kwame Anthony Appiah reflects on five modes of response underlying moral sentiments (Appiah, 2008, pp. 126 ff.) and all are related to business life.

a) Compassion, the "concern mechanism" where individuals aim to minimize the suffering of others
b) Reciprocity, combines fairness and gratitude
c) Attitudes, respect and contempt
d) Tolerance, for disgust toward violations of social harmony
e) Belonging, to a community

Most leaders and people who work in organizations would agree that Appiah's five modes of morality are deeply interwoven in management and would induce managers to act morally. But management anomalies, like fraud, conspiracy, negligence, and disrespect, do exist. There are managers who act irresponsibly (Lange and Washburn, 2012). The dilemma today is that there are limited options to solve anomalous management practice and few mechanisms to help managers and corporations to "do good" and, at least, "avoid bad". It would not suffice to have some "moral managers" in the market; it is the market that needs to be moral. The "moral market" construct (Smith, 2005), as will be set forth below, is inextricably linked to human centered management, and the assumption is growing increasingly strong that this lies at the center of potential solutions in the 21st century.

TB 2: The "moral market" axiom: Connecting individual capacity to collective accountabilities

The "moral market" construct (Boatright, 1999) leads away from the focus on the individual responsibility of managers toward a focus on economic regulations that advance ethical ends. Here the discussion is not on formal regulations like laws and ordinances, but informal mechanisms that deter and punish immoral behavior.

The axiom states clearly that the main objective of markets and competition is to serve human beings. And this is "moral": to "do good".

Competition and markets guarantee and enhance opportunities for all individuals to attain a better life. Consequently, business ethics in market economies is an ethical principle of highest social order (Homann, 2006a).

When competition is driven by incentives and advantages, then the result is an "incentive- and advantage-based ethics" (Luetge, 2005). In this environment, advantages and disadvantages steer action and expectations and this holds true for ethics as well.

Ethics and economics explain and shape the results of all human interactions, and, more precisely, the *aggregate results* of interactions.

Hence, ethically results are never introduced by an individual agent, but are determined by collective "rules". Rules, in this sense, are mechanisms that govern the business and the social environment with incentives emerging from both. Thus, if moral behavior promises recompense – in whatever fashion – then individuals behave morally in self-interest (Homann, 2006b).

Incentives can only be displayed in an effective and orderly fashion in the competitive environment of open markets. Only in this environment individuals are free to choose what they do, where they work, and how they allocate income and wealth. And this principle applies equally to employees in business and the government sectors, and from civil servants to entrepreneurs.

Human freedom is the moral feature of markets and competition. And there are three subsequent contingent features (Homann, 2006c):

(a) Markets are built on a systematic feedback mechanism where buyers determine preferences through purchasing patterns. This also applies to labor markets for executives as well as executive education (EE) programs.
(b) Responsibility is clearly set in open markets. When a product or service is not acceptable to consumers, the producer has to adapt it to the needs of buyers. No other type of "business incentive" has a stronger effect. And this construct encompasses the behavior of business leaders.
(c) Competition ensures that innovation in goods and services is an imperative when it provides effective solutions to problems that are rapidly disseminated. In consequence, positions of power, which are continuously created in markets that open opportunities for all, are short lived and can erode fast unless there is continuous improvement that benefits people, buyers, and society. Opportunism is invariable deterred and destroyed in competitive markets. Opportunism prevails and blooms under obscurantism and restrictive information systems.

These market features explain how a market can correct itself in accordance with its own informal human laws. And they demonstrate how threats of economic decay can hinder individuals acting counter to lawfulness or unmorally. Critics of capitalism and competitive markets point out the unequal distribution of income generated by market systems and frequent periods of unemployment and instability that affect people and societies worldwide (Wade, 2104). Others argue that competitive markets reward selfishness instead of cooperative activity (Hart, 2010). Freedom allows for human imperfections and markets are human communities. Illegal activities do happen in market societies when opportunistic people and leaders choose short-sighted self-serving decisions, instead of long-term social solutions.

But when the question arises whether free markets corrode moral character, as the Templeton Foundation did (Bogle, 2008), it is too nearsighted to accept, for an answer, only one which represents a vision like that of Nobel laureate Joseph E. Stiglitz, who gave the following response: "[m]arkets do not lead to efficient outcomes, let alone outcomes that comport with social justice" (Stiglitz, 2007). The problem with this answer is that the incompatibility of profits and social justice is not the cause of social injustice, but a corollary. Business history shows that corporate managers who have held control of giant publicly held business enterprises – without holding significant ownership stakes – were lured into all sorts of aberrations hindering their companies to pursue responsible business (from Enron to WorldCom to Siemens, etc.). But the economic and business landscape is not dominated by these irresponsible few. The system is led by leaders who, while pursuing a reasonable self-interest, exhibit distinguished positive character traits of prudence, initiative, and self-reliance to advance the interests of their corporations aligned with the well-being of the local and global community (Bogle, 2008). And the corrective system, at the end, worked to expectations. The then culprits of Enron, WorldCom, and Siemens were punished and no longer lead these corporations.

In the words of Carly Fiorina, when she was Chairman and Chief Executive Officer of Hewlett Packard: "I honestly believe that the most successful companies of this century will be those that can prove with concrete actions that they can be profitable and increase social value at the same time. Companies that 'do well' and 'do good'. Increasingly, shareowners, customers, partners, and employees are rewarding companies that fuel social change through business endeavors. This is simply the new reality of business, one that we should and must embrace" (Chatterjee, 2008). This leads to TB 3: the cause-effect relationship, exposing how ethical leadership impacts business.

TB 3: Systems thinking and cause-effect relationships

Correctness to identify, assess, diagnose, and analyze ethical issues is a most predominant trait in ethical leadership.

This type of analysis implies and reveals that morally enhanced attitudes increase validity of business decisions and consequences. A well-known case illustrates supply chains where trust and reciprocity yield benefits and success to all parties involved (Capó-Vicedo et al., 2011).

Another case relates to the effects of disseminating business knowledge in a fair and equitable mode to all those concerned in order to achieve mutual understanding and smooth interchange (Nandeshwar and Jajasimha, 2010). A practical example is a firm's knowledge management process governed by the "need to know principle, instead the 'need to withhold' norm" (Guo, 2011).

Openness is a trait of good leadership necessary to attain tangible effects.

But there are also "soft outcomes" in cause-effect relationships. Brown and Treviño (2006) identify "soft outcomes" as effects that cannot easily be measured in ethical leadership. These authors identify the following four types of "soft outcome" in their study:

- Ethical decision making of leader's followers
- Level of satisfaction, motivation, and commitment of leader's followers
- Prosocial behavior (going above and beyond the call of duty)
- Counterproductive behavior (a negative correlation)

The study is based on a multi-sample field survey by Turner et al. (2002) and the results show that persons with higher levels of moral reasoning are more likely to influence their followers to make decisions based on moral principles, demonstrate more concern for the rights of others, and value fairness. A corrective effect has also been reported. Employees' behavior that is harmful to the organization or to other employees decreases when ethical leaders clearly communicate performance expectations and standards of appropriate conduct and spell out consequences associated with rule violations (Brown and Treviño, 2006, p. 607).

Contradictory results also exist. Abusive supervision using power and authority to humiliate, ridicule, and mistreat subordinates decreases social-citizenship behavior (Zellars et al., 2002) and perpetuates detrimental behavior that induces retaliation and aggression (Mitchell and Ambrose, 2007). A deeper analysis exhibits a two-step relationship: an intangible input (abusive supervision produces an intangible outcome (counterproductive behavior), and this in turn produces tangibly deficient organization performance. Two-step cause-effect relationships like this require systems thinking.

The cause-effect relationships and systems thinking TB is taught more effectively using a practical approach. For instance, executives often deal with issues where merely solving a problem does not improve the situation, so they need to learn to "see behind the problem", why it evolved and how it is connected to other issues (Heracleous and Rao, 2008).

Systems thinking expedites managing complex issues and is defined as "many parts that interact with each other in multiple ways" (Principia Cybernetica Web, 1996). It helps to solve interconnected issues one by one in isolation. For instance, executives become aware that customer satisfaction, employee capacity, and competitive technologies are entwined with each other. But from the logic of division of work, solutions for each of these different issues may not be closely intertwined. In systems thinking, the three issues would be viewed as complements that complete the system of a business operation.

TB 4: Ethical leadership impact on business processes: The input-output perspective

Emiliani (2006) assesses that "[a]s educators, we should teach students that improvement is a human-centered activity, and it is impossible to innovate and improve processes when managers penalize employees trying new ideas that have potential to fail". This quote explains it clearly: "Abusive supervision, jealous bosses, lack of understanding and listening to employees cause significant damage to business processes and are detrimental to orderly execution of business strategies". Additionally, other academic research sources shows that team work ability to collaborate in a frank and non-opportunistic way is more important than individual talent to innovation and boosts employees' performance and loyalty (Burt and Ronchi, 2007; Subramaniam and Youndt, 2005).

Similar results are reported outside of academia. A 2005 McKinsey report indicates that while companies with high collaborative management achieve superior financial performance, only 25 percent of senior executives described their organizations as effective at sharing knowledge across boundaries. But nearly 80 percent acknowledged that collaboration was crucial to growth (McKinsey, 2005). An update of this report five years later found that management still relies on a few of the same strategies to improve: organization restructuring, business process reengineering, cross-unit incentives, teamwork training. This is despite evidence that many fail because they generate unintended consequences or overlook underlying issues that provide formidable obstacles for people to change behavior and advance (Aiken et al., 2009).

A critical issue is effective collaboration. Collaboration is based on a common purpose that also requires common trust. And instigating trust is a most critical leadership task. There is much research on trust *in* leadership (Yang and Mossholder (2010), and Norman et al. (2010)), but there is much less research and literature on how ethical leaders ensure that trust prevails in their organizations and among their followers (van den Akker et al., 2009).

Tschannen-Moran (2004) identifies five dimensions of trust that support trustworthiness in the workplace:

- benevolence (I convey my knowledge to you without expecting a reward)
- honesty (I fully share my ideas with you)
- openness (I do not have second thoughts)
- reliability (I will be around when needed)
- competence (I make sure that my abilities are state of the art)

Ethical practitioners consent that these five dimensions are the roots of "real" trust. Kyte (2007) states that relating ethics to business processes should be a routine in leadership: "corporate social responsibility is smart business when fully integrated into business processes". These effects are confirmed with research and a growing consensus among managers that are summarized in the following process results (Bardy, 2015):

- less friction at process interfaces
- higher transparency of business processes
- increased speed in business processes
- improved quality of business process output
- increased process reengineering effort
- less costly processes

These are hard facts and tangible outcomes derived from intangible inputs supporting the principle that acting ethically in relationships in the workplace stimulates the learning process for all the people and cohorts involved in the organization. All organizations engage in collective learning as a natural part of their organization development process and collaboration in business processes significantly serves this purpose. While the opposite, unethical behavior, sooner or later leads to organizational atrophy with heavy costs for all the people involved.

Even the most hard-hearted managers recognize that trust, collaboration, and social learning produce useful outcomes. And managers are becoming increasingly concerned when they realize through hard facts that in the long run there is no useful outcome without humanism in management, as reviewed next in the fifth TB.

TB 5: The humanistic perspective in the workplace

The process perspective shows that employees, who have a clear perception of their leaders' ethical performance, outline their work context more effectively and deploy in their activities behaviors transferred from their leaders, such as fair treatment, shared values, and integrity in personal and business transactions. There are many critical statements against competitive markets and the capitalist firms which say the contrary and assert that it is solely guided by self-interest. This critique is wiped out when the behaviors of ethical leaders and effects on followers are included in the equation. Ignoring the importance of human behavior and ethical effects on organizations' performance and outcome (as well as on the structure of markets) runs against the reliability and validity of any unbiased analysis of economic, social, or business phenomena.

The Encyclical-Letter *Caritas in Veritate* by Pope Benedict XVI explains it this way: "Ethics is deeply integrated into the structure of entrepreneurial and managerial actions such that any attempt at arriving at decisions on merely 'technical' grounds fail" (Grassl and Habisch, 2011, p. 44). This statement does not imply that an enterprise should not strive for effectiveness, but that it will never succeed if it is merely technically effective.

Technical effectiveness relies on collaboration and team work in organizations. Extrapolating "collaboration" beyond the firm's physical boundaries includes all stakeholders, reaching the domain of the "common good", which is inherent to all kinds of organizations.

The common good of society is the referential value for all businesses and all government undertakings (Mahon and McGowan, 1991). This is a classical humanistic concept in the Aristotelian tradition and Medieval Scholastics philosophically embedded in natural law theory and assumed into Catholic social thought as a key reference for business ethics (Garriga and Melé, 2004). It is expressed in the four fundaments of Aristotelian humanism, which are the essence of ethical leadership values and tightly correspond to the fundamental principles of EE programs:

- prudence and wisdom, using good judgment, taking counsel
- fortitude and courage, perseverance and persistence for "noble" causes
- temperance and moderation, humility, acknowledging own limitations
- justice and fairness, unselfishness

All are related and entrenched in previously identified leadership capabilities.

Aristotelian theory merges philosophy with management to measure ethical leadership. Yukl et al. (2013, p. 46)[1] validate research of the "Ethical Leadership Questionnaire" (ELQ) based on two indications of leadership influence: leader-member exchange and overall effectiveness. The item leader-member exchange matches the humanistic perspective where ELQ lists four specific relationship-oriented behaviors, supporting, recognizing, consulting, and delegating, with the item "leading by example", as indication of integrity. In practical terms ELQ asks respondents to confirm or reject the following statements about their leader on the five options of the Likert scale:

My boss

1. Shows strong concern for ethical and moral values.
2. Communicates ethical standards clearly to members.
3. Sets example of ethical behavior in decisions and actions.
4. Is honest and can be trusted to tell the truth.
5. Keeps actions consistent with stated values ("walks the talk").
6. Is fair and unbiased when assigning tasks to members.
7. Can be trusted to carry out promises and commitments.
8. Insists on doing what is fair and ethical even when it is not easy.
9. Acknowledges mistakes and takes responsibility for them.
10. Regards honesty and integrity as personal values.
11. Sets example of dedication and self-sacrifice for the organization.

12. Opposes the use of unethical practices to increase performance.
13. Is fair and objective when evaluating members' performance and providing rewards.
14. Puts needs of others above own self-interest.
15. Holds members accountable for using ethical practices at work.

The items included in this questionnaire match directly with the tangible outcomes described previously and confirm evidence that omitting these "soft" outcomes impairs leaders' performance and work outcome.

Another term included in the humanistic perspective is "universal". In the context of globalization, some leaders enquire if humanism is a universal concept. The answer is that humanism is increasingly valued by people worldwide who turn to humanism to improve organizations, economic conditions, the well-being of people, and society at large (Kudishina, 2005). And it expands across developed and developing nations. In sub-Saharan Africa it prevails as "Swahili humanism" embedded in the notion of *utu*, which means "putting moral knowledge in action" (Kresse, 2007, p. 168). In East Asia it is rooted in Confucian philosophy, principles, and values (Wei-Ming, 2008). And even though it is sometimes said that ways of life based on Confucian ethics are different from Western values, its emphasis on humanity, rightness, propriety, wisdom, filial piety, and loyalty, stemming from communalism rather than individualism (Pye, 1988), is increasingly in synch with Aristotelian and Western values.

TB 6: Ethical stakeholder relationship management: The constituency dialogue perspective

Leadership is displayed through interactions between leaders and followers inside and outside the corporation. Therefore it is equally important in management that the relationships of corporate leaders extend to a multitude of stakeholders. Leaders are expected to be accountable not only to shareholders, but also to all the people in the community, who are or will be impacted directly or indirectly, by corporative decision and business operations, be it economics, environmental, or social in nature.

This dimension has a systems perspective, meaning that an impact affecting one stakeholder group also affects all stakeholders at the same or at different levels. There is a growing body of evidence in business literature that demonstrates positive and instrumental links between corporate social performance and financial performance (Freeman, 2004; Maak and Pless, 2006; Valentine, 2014), and this naturally includes effects on stakeholder relations.

Reverse effects have been reported as well. Choi and Wang (2009) found that when a firm performs above average in its industry, good stakeholder relations help sustain results for a longer time. And when a firm confronts problems, good stakeholder relations help it bounce back. Clarke et al.

(2010) demonstrate how capital enhances stakeholder value. And the way to achieve stakeholder value is managing with integrity, and making *profits with principles*.

The concept "profits with principles" was coined by Body Shop founder Anita Roddick (Maak and Pless, 2006, p. 100), based on awareness that a significant part of her business success originated in managing stakeholder relations ethically and prudently (Roddick, 1991). Her design was taken by the Corporate Social Responsibility Initiative at Harvard Business School. The Harvard concept of *Profits with Principles – Delivering Value with Values* (Jackson and Nelson, 2004) places shareholder and social value-added in relation with each other and the creation of social value on a par with shareholder value described in Figure 17.2.

Building sustainable stakeholder relations, beyond the ethical foundation, requires legitimacy. And legitimacy is rooted in a moral conception. There are several typologies of legitimacy in the literature (e.g., Suchman, 1995), including regulative (compliance with laws and regulations) and organizational (conferred to an institution from outside stakeholders).

Leaders can build a legitimacy reservoir through effective communications with the organization's social surroundings, like customers, suppliers, joint venture partners, banks, and other organizations in local, national, and international community. A critical consideration for successful stakeholder management is a clear philosophical conception that combines ethical, economic, and social considerations.

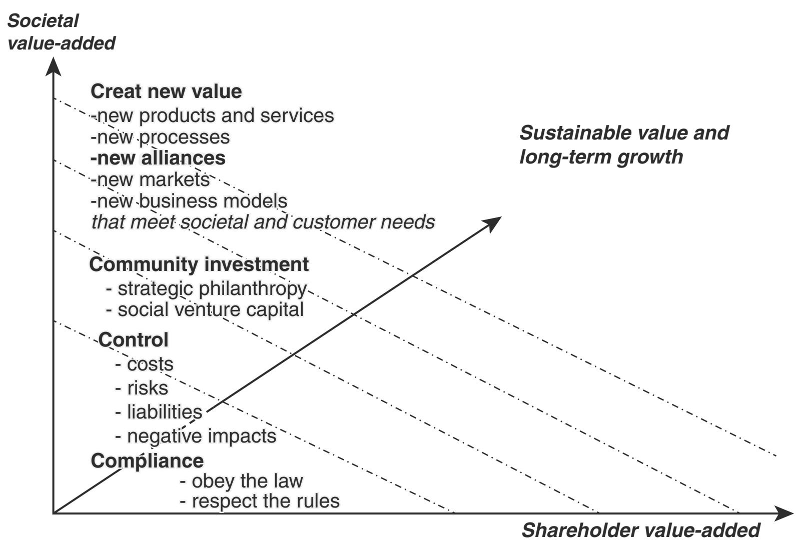

Figure 17.2 Building up shareholder and social value-added
Source: Adapted from Jackson and Nelson (2004, p. 7).

A good example is given by Yukl (2010, p. 334):

> In the 1970s river blindness was one of the world's most dreaded diseases, that had long frustrated scientists trying to stop its spread in developing countries. A potential cure for the disease was discovered by researchers at Merck. The new drug Mectizan would cost over $ 200 million to develop. And it was needed only by people who could not afford to pay for it. When Roy Vagelos, the CEO of Merck, was unsuccessful to get governments of developing nations to pay for the drug, it became obvious that Mectizan would never make any profit for Merck. Nevertheless, Vagelos decided to distribute Mectizan for free to the people whose lives depended on it. Many people in the company said the decision was a costly mistake that violated the responsibility of the CEO to stockholders. However, Vagelos believed that the decision was consistent with Merck's guiding mission to preserve and improve human life. The development of Mectizan was a medical triumph and it helped to nearly eradicate river blindness. The humanitarian decision enhanced the company's reputation and attracted some of the best scientific researchers in the world to work for Merck.
>
> (Useem, 1998)

The example shows very well how friction between a CEO and major stakeholders, including owners, which produced uneasiness in the first place, may lead to a positive outcome.

Conclusion

The six TBs presented in this chapter aim to meet the demands of practitioners who wish to delve into clear-cut essentials, and to academics who wish to learn the concerns of practitioners.

A comparison may help here. There is a great book by Louis Coutts titled *The Six Hour MBA* (2013) where he does not propose that an MBA class that lasts only six hours can replace a full-MBA course. Rather his intent is to demystify management. In a similar fashion our six TBs demystify the philosophical content of ethics by exploring morality, which is a basic human (and not a metaphysical) concern, in the context of business concerns. Practitioners will find this more understandable than a theoretical treatise, and it should help them to perceive how issues of responsible leadership are deeply engrained in any business.

Teaching or putting business ethics education into practice cannot be exclusively based on case studies. Effective deployment must be complementary "moving towards the grounded theory approach" (Maital et al., 2008). That means, begin with a problem, issue or challenge (a "case"), then avoid jumping to data analysis and solution directly ("action strategies"), but systematically seek causal conditions, context, and consequences in order to understand the process and arrive at the desirable outcome. The six TBs guide faculty and students in this "complementary" direction.

The approach of our six TBs connects to the fundamental human centered principle that the purpose of the firm is not solely to maximize stockholders' wealth; they must deploy their power in a socially responsible manner to line up the competing interests of all stakeholders. This is an equality important responsibility. It has become an adopted position among business leaders that contributing to the well-being of the people in the local, national, and global constituencies of their firm will produce a benefit to the firm and its shareholders as well. So, leaders must make their decisions in a way that aligns the complementary and also the competing interests of all stakeholders. Similarly, EE program providers worldwide need to abide by the same principles.

Advocates of the above-mentioned human centered fundamentals are increasingly shaping business school curricula and EE worldwide. Among other agencies, there are the UN Global Compact, the Globally Responsible Leadership Initiative (GLRI), the World Business School Council for Sustainable Business (WBSCSB), the European Foundation for Management Development (EFMD), and the Academy of Business in Society (ABIS Global). The American Association of Collegiate Schools of Business (AACSB),[2] founded in 1916, has expanded rapidly worldwide since 1997, when it accredited the first foreign business school in a French university. Today, this largest global business schools accrediting agency has accredited over 1,400 business programs in 87 countries, and it is requiring business programs to address ethics in business to attain accreditation. And so do the European Quality Improvement System (EQUIS) for universities and the Association of MBAs (AMBA).

Both for university-based EE programs and for executive training taking place inside business corporations (which are approximately 50 percent of the total and growing fast; see Thomas and Wilson, 2013), the question remains, with regard to an ethics content, not too much now about *Why*, but about *What* and *How*. Still, there are always some who argue that "the notion of a socially responsible corporation is potentially an oxymoron because of the naturally conflicted nature of the interests of stakeholders in a corporation" (Devinney, 2009, p. 63). But if top management takes up the competing interests of all stakeholders in an ethical fashion to decipher conflicts, then solving these conflicts simply becomes a routine. For this, top management must take up the obligation to train ethical leadership at all levels. In essence, the *What* and *How* are about teaching human centered management and to teach that complementing economic profits with people and process improvement is a necessary condition to rebuilding the basis of corporate business performance (Locke, 2013).

Well-trained leaders, who practice what they talk, can revert the notion that business activities always have a private return that is much higher than the perceived social return. This will have a significant effect on society because then business companies will be seen as main contributors to economic *and* social progress. Ethical leadership is the main driver here. Jordi Canals (2010), one of the prominent proponents of EE, expresses it this way: "There is a widespread belief that the quality of business leadership can be improved … and the sound ethical principles that once were replaced by sheer opportunism and self-interest must return to the boardrooms".

Notes

1. Yukl et al. (2013) also give an overview of previous research based on different survey content.
2. www.aacsb.edu

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